
GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021



P. O. Box 6870 ▪ San Luis, Arizona 85349

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32

SAN LUIS, ARIZONA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Issued by:
Business and Finance Department

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32

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INTRODUCTORY SECTION

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GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32

1350 E. Cesar Chavez Blvd.
P.O. Box 6870
San Luis, AZ 85349
(928) 627-6540
FAX: (928) 627-3635

Lizette Esparza, Superintendent
Omar Duron, Associate Superintendent

“STUDENT CENTERED LEARNING IN
AN ENGLISH LEARNING COMMUNITY”

Governing Board
Luis Marquez, President
Tadeo De La Hoya, Clerk
Guillermina Fuentes
Gloria Torres
Rosa Varela

February 16, 2022

Citizens and Governing Board
Gadsden Elementary School District No. 32
P. O. Box 6870
San Luis, Arizona 85349

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Gadsden Elementary School District No. 32 (District) for the fiscal year ended June 30, 2021.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District’s financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

*“From Wild West to Nation’s Best.”
Johns Hopkins University*

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

The District is one of nine public school districts located in Yuma County, Arizona. It provides a program of public education from pre-school through eighth grade, with an estimated current enrollment of 5,090 students. The average age of school buildings is 22 years.

The District's Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the District for financial statement purposes and the District are not included in any other governmental entity.

Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include pre-school through grade eight educational programs, student transportation, construction and maintenance of District facilities, and food services operations.

The Gadsden Elementary School District No. 32 is located twenty miles south of Yuma, Arizona. The District extends over thirty square miles devoted primarily to agriculture, and the area is known for its winter vegetable and summer cotton production. The student population of the District is 98 percent Hispanic with approximately 22 percent from migrant farm worker families. The District operates nine school sites, one in Gadsden, Arizona and eight in San Luis, Arizona. The District has a total current assessed valuation of over \$78.3 million with an annual General Fund and Capital budget of approximately \$32.3 million. The District has experienced steady growth in student population during the last twenty years but future growth is forecast to decline over the next 5 years at a rate of 0.70% per year. A local charter school now serves grades K-8 and will likely decrease the projected student population for the next few years.

The area served by the District is experiencing significant change due to the continued demand for housing in the area. The City of San Luis anticipates further growth due to the relatively low cost of housing within the region and the prospect of new business ventures moving to the area.

The District has experienced net student growth rates, currently averaging more than 1.25 percent per year since fiscal year 1999-2000, and the projected student population for the 2021-22 fiscal year is 5,090 students. Four additional schools with an average of 650 students each have been completed in the last 21 years. These schools will accommodate the anticipated student population through fiscal year 2027-28.

The annual expenditure budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General Fund and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. Funds that are not required to have a legally adopted budget may have over expenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budget fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. Once totally dependent upon an agricultural-based economy, the economic base of Yuma County has diversified into other sectors such as services, wholesale and retail trade and light industry. Today, the County's economy is based on agriculture, government, light manufacturing and tourism.

Agriculture plays a dominant role in the Yuma County economy at \$2.0 billion per year. Approximately 220,000 acres are harvested each year. Military bases contribute substantially to the local economy, with the Marine Corps Air Station (MCAS Yuma) and U.S. Army Yuma Proving Ground (YPG) both located in the County. Tourist business composed mainly of cross-country travelers and winter visitors, accounts for estimated gross annual revenues of \$450.0 million; of which, \$160.0 million comes from shoppers from Mexico.

Located within Yuma County are the U.S. Marine Corps Air Station (MCAS), the U.S. Army Yuma Proving Ground (YPG) and the Goldwater Gunnery Range, which are located within a few miles of the cities of Yuma, Somerton and San Luis; and provides employment to approximately 4,260 civilian and contractor personnel, drawing an annual payroll of approximately \$180.0 million. The total direct economic impact of these facilities and their related activity in the surrounding areas is approximately \$630.0 million.

According to Arizona Department of Economic Security statistics, service is a growing portion of the employment sector in the County. Approximately 25 percent of all County businesses provide a service. The tourist industry contributes strongly to service employment in the County with a majority of dollars being spent for food, lodging, and fuel. The County was developed into a major tourist center. Excellent tourist accommodations, diverse cultural activities, and a favorable climate attract millions of visitors to the area annually. The County's proximity to many of Arizona's scenic attractions, Mexico, and California make it a natural tourist center for the entire Southwest.

San Luis, Arizona is located on the border, adjacent to San Luis Rio Colorado, Sonora Mexico, and is the primary city within the District with a population of approximately 37,488 a 32 percent increase over the 2010 census population of 28,415. San Luis Rio Colorado, Mexico, with a population of more than 176,685 in 2020, contributes heavily to the local retail growth and stability of the District. A new commercial port of entry a few miles east of the current port has reduced commercial congestion at the current port and allows for smoother residential and tourist traffic flow between the two countries.

The real estate and construction industries continue to be impacted by the continuing growth of the metropolitan area. San Luis, Arizona currently has over 300 new residential sites in various phases of construction. Families have been moving into San Luis, Arizona at a greater rate than the surrounding areas due in part to lower housing and service costs.

Retail trade, agriculture and manufacturing form a large portion of the local economy. A new Wal-Mart Super Center is now operating in the north end of San Luis, Arizona, on US Highway 95. Another significant segment is the light industry located on both sides of the US/Mexico border. San Luis is an excellent site for labor intensive manufacturing and assembly facilities. Parcels and pads are available for purchase and development.

The economy of the District is also influenced by the County of Yuma, which has an estimated population of over 203,881 as of the latest census and reflects a 4 percent increase over the 2010 Census population of 195,751. Due to high seasonal employment in agriculture and tourism services, the unemployment rate for the County has been consistently high, with many underemployed workers. Although there are no figures available for the District unemployment, the County has averaged more than 20 percent in recent years.

The major employment sectors in Arizona include aerospace, electronics and semi-conductor manufacturing. Tourism, business services and back-office operations are also important sectors. Arizona's original export activities – agriculture and mining – remain significant in many rural parts of the State. Based on sheer size, the real estate and rental industries, the diverse tourism sector, and government are the largest economic sectors in Arizona.

Long-term Financial Planning. Based on the most recent local demographics available, the District expects no net increase in student population over each of the next five years. At that rate the District will need one new elementary school, which under current law, would be funded by the School Facilities Board and approved to be built sometime after 2028.

The State of Arizona is financially strong and stable at this time and has a positive effect on the majority of expected District revenues. Due to high seasonal employment in agriculture and tourism services, the unemployment rate for the County has been consistently high, with many underemployed workers during the off season.

Major Initiatives of the District. Through the passing of a \$10.4 million bond election in November 2015, the District is constructing a 6,105 square feet multi-purpose building at Rio Colorado Elementary School and 9,375 square feet of classroom space at San Luis Middle School. The project will be completed in January 2022. An addition of 23,650 square feet at Ed Pastor Elementary School and a District administrative building and warehouse totaling 24,880 square feet were completed and occupied as of August 2017. The District is also participating in an energy saving contract valued at \$4.5 million, which will reduce the energy consumption of the District over the next 20 years and save the District \$4.7 million over that same time period.

Other Events of Note. The impact of the Covid-19 pandemic reduced the student population in 2020-21 by 2.1 percent but the population is recovering in 2021-22 by the same percentage. The District expects no prolonged effects on net revenue and expenditures, due to the pandemic.

AWARDS AND ACKNOWLEDGMENT

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the seventeenth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements for school bond issuances and lease purchase agreements.

These certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2021 certificates.

Acknowledgments. The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the business and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,



Lizeth Esparza
Superintendent



Robert Bernhard
Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Gadsden Elementary School District No. 32

for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.

The district report meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Gadsden Elementary School District No. 32
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

**Superintendent
Lizeth Esparza**

**Associate Superintendent
Omar Duron**

Chief Financial Officer Robert Bernhard	Human Resources Rosy Ballesteros	Federal Programs Linda Coronado	Maintenance Director Luciano Ramirez	Special Education Director Miguel Gonzalez	Professional Development Director Vanessa Gonzales	Systems Director Luis Ramirez
<ul style="list-style-type: none"> • Business Office • Accounts Receivable • Accounts Payable • General Fixed Assets • Payroll • Purchasing • Budgeting • ADM • School Facilities Board • Architects • Transportation Vehicles • Buses • Mechanics • Drivers/Bus Aides • Warehouse • Food Service 	<ul style="list-style-type: none"> • Certified Personnel • Classified Personnel • Attorneys • Highly Qualified Teachers • Legal Issues • Student Discipline • Parent Stimulus Grant • Employee Handbooks • Parent Complaints • Hearings • Contracts • Employee Insurance 	<ul style="list-style-type: none"> • School Improvement • Federal & State Projects • Title 1 Entitlement • Title II Entitlement • 21st Century Grant K-6 • Migrant Entitlement • School Safety Grant • Grant Writer • 21st Century 7-8 • AWC College Program • Homeless 	<ul style="list-style-type: none"> • Maintenance • Maintenance Equipment • Custodians • Grounds • Security • Buildings • School Facilities Board 	<ul style="list-style-type: none"> • Special Education • Psychological Services • Legal Issues (Sp Ed) • Related Services (OT, PT, Speech) • Idea Grant • Assistive Technology • Parent Groups (SpEd) • ADE Compliance 	<ul style="list-style-type: none"> • Professional Development • Consultants (Subject Areas) • K-3 Coordination • 4-8 Reading • Master Teachers • Mentor Teachers • Benchmark System • District Assessments • Summer School Coordination • Curriculum Binders • K-8 Curriculum • University Coordination • Consultants • MOWR • ELL Programming • Testers • Compensatory Ed 	<ul style="list-style-type: none"> • Technology System • Infrastructure • Intra-network • Security Cameras • Communication System • Computer Technicians • Data Base • Web Sites • District Planning • Technology Plan • Technology Installation • E-Rate Funding • Other Tech Funding • Technology Grants • Technology Purchases • Business Tech Liaison

School Principals
Gadsden Elementary
San Luis Middle School
Rio Colorado Elementary
Arizona Desert Elementary
Pre-School

Music/Dance Program
Marching Band

School Principals
Southwest Junior High
Desert View Elementary
Cesar Chavez Elementary
Ed Pastor Elementary

FY 2020-2021

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Luis Marquez, President

Tadeo De La Hoya, Clerk

Guillermina Fuentes, Member

Gloria Torres, Member

Rosa Varela, Member

ADMINISTRATIVE STAFF

Lizette Esparza, Superintendent

Omar Duron, Associate Superintendent

Robert Bernhard, Chief Financial Officer

Rosa Perez, Business Manager

Lina Galvan, Principal, Arizona Desert Elementary

Marylin Morales, Principal, Cesar Chavez Elementary

Meredith Nelson, Principal, Desert View Elementary

Maria Camacho, Principal, Ed Pastor Elementary

Cecilia Arvizo, Principal, Gadsden Elementary

Bethany Loucks, Principal, Rio Colorado Elementary

Maryela Saucedo, Principal, San Luis Middle School

Selene Arredondo, Assistant Principal, San Luis Middle School

Luis Reyes, Principal, Southwest Junior High

Maritza Mares, Assistant Principal, Southwest Junior High

FINANCIAL SECTION

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Independent Auditor's Report

Governing Board
Gadsden Elementary School District No. 32

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gadsden Elementary School District No. 32 (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gadsden Elementary School District No. 32, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Gadsden Elementary School District No. 32 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, net pension liability information, and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022, on our consideration of Gadsden Elementary School District No. 32's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Gadsden Elementary School District No. 32's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gadsden Elementary School District No. 32's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
February 16, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

As management of the Gadsden Elementary School District No. 32 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$2.0 million which represents a 23 percent increase from the prior fiscal year primarily as a result of an increase in federal COVID grant funding.
- General revenues accounted for \$33.3 million in revenue, or 68 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$15.4 million or 32 percent of total current fiscal year revenues.
- The District had approximately \$46.7 million in expenses related to governmental activities, an increase of five percent from the prior fiscal year.
- Among major funds, the General Fund had \$28.3 million in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$28.0 million in expenditures. The General Fund's fund balance increase from \$2.8 million at the prior fiscal year end to \$3.6 million at the end of the current fiscal year was primarily due to the utilization of federal COVID grant monies for operational costs.
- The Title IV Grants Fund had \$1.0 million in current fiscal year revenues and \$1.0 million in current fiscal year expenditures.
- The Other Federal Projects Fund had \$2.9 million in current fiscal year revenues, which primarily consisted of federal COVID grant monies, and \$2.8 million in current fiscal year expenditures.
- The Debt Service Fund had \$688,602 in current fiscal year revenues and \$714,200 in current fiscal year expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of non-instructional services, and interest on long-term debt.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Title IV Grants, Other Federal Projects, and Debt Service Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS

Proprietary funds. The District maintains one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service fund to account for its employee benefit trust. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements. The Employee Benefit Trust, although a legally separate component unit, functions for all employees of the District, and therefore has been included as an internal service fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Funds as required supplementary information. Schedules for the pension and other postemployment benefit plans have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities by \$10.5 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2021 and June 30, 2020.

	As of June 30, 2021	As of June 30, 2020
Current and other assets	\$ 13,530,167	\$ 12,896,690
Capital assets, net	40,000,077	39,389,369
Total assets	<u>53,530,244</u>	<u>52,286,059</u>
Deferred outflows	<u>6,839,549</u>	<u>3,638,320</u>
Current and other liabilities	983,721	2,033,321
Long-term liabilities	48,840,692	43,480,319
Total liabilities	<u>49,824,413</u>	<u>45,513,640</u>
Deferred inflows		<u>1,855,621</u>
Net position:		
Net investment in capital assets	30,185,296	30,716,005
Restricted	5,006,157	3,265,707
Unrestricted	(24,646,073)	(25,426,594)
Total net position	<u>\$ 10,545,380</u>	<u>\$ 8,555,118</u>

At the end of the current fiscal year, the District reported a negative unrestricted net position of \$24.6 million primarily as a result of an unfunded pension liability. Positive net position was reported in the other two categories.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

- The addition of \$2.4 million in capital assets primarily due to the construction of classrooms at San Luis Middle School and multi-purpose room and gym at Rio Colorado Elementary School and roof repairs at other school sites.
- The depreciation of existing assets resulting in the addition of \$1.8 million in accumulated depreciation.
- The principal retirement of \$792,103 of bonds and capital leases.
- The increase of \$6.0 million in pension liabilities.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

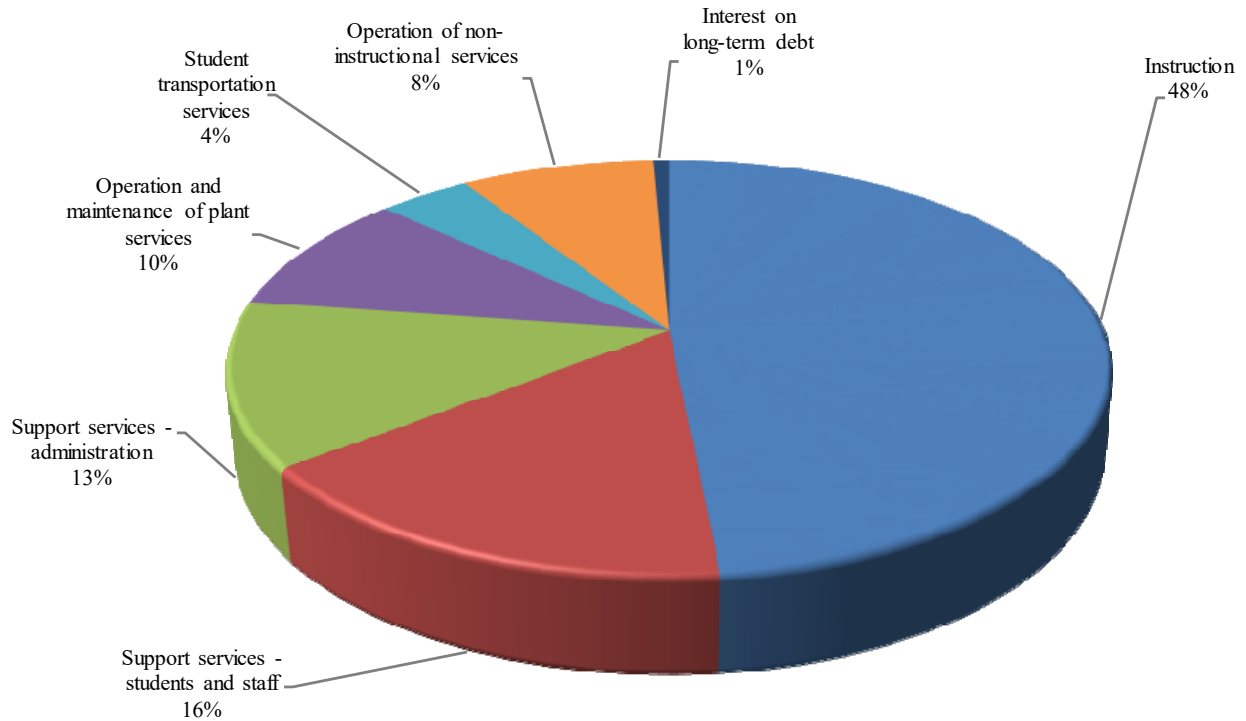
Changes in net position. The District's total revenues for the current fiscal year were \$48.7 million. The total cost of all programs and services was \$46.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Revenues:		
Program revenues:		
Charges for services	\$ 110,494	\$ 450,200
Operating grants and contributions	12,997,942	9,764,069
Capital grants and contributions	2,264,082	1,172,606
General revenues:		
Property taxes	2,558,457	2,501,548
Investment income	39,947	84,377
Unrestricted county aid	931,946	867,011
Unrestricted state aid	29,804,780	29,778,241
Total revenues	48,707,648	44,618,052
Expenses:		
Instruction	22,634,806	22,043,164
Support services - students and staff	7,512,345	6,193,187
Support services - administration	5,959,727	5,654,655
Operation and maintenance of plant services	4,471,493	4,453,132
Student transportation services	1,884,195	1,961,168
Operation of non-instructional services	3,939,448	4,067,677
Interest on long-term debt	315,372	294,768
Total expenses	46,717,386	44,667,751
Changes in net position	1,990,262	(49,699)
Net position, beginning	8,555,118	8,604,817
Net position, ending	\$ 10,545,380	\$ 8,555,118

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Expenses - Fiscal Year 2021



The following are significant current year transactions that have had an impact on the change in net position.

- The increase of \$3.2 million in operating grants and contributions and increase of \$1.1 million in capital grants and contributions was primarily due to federal COVID grant monies received by the District.
- The increase of \$1.3 million in support services – students and staff expenses is primarily due to an increase in the purchase of technology and other supplies, as well as salaries and related benefits funded with federal COVID grant monies.

The following table presents the cost of the District’s major functional activities. The table also shows each function’s net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District’s taxpayers by each of these functions.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2021		Year Ended June 30, 2020	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 22,634,806	\$ (15,964,449)	\$ 22,043,164	\$ (18,655,848)
Support services - students and staff	7,512,345	(4,415,084)	6,193,187	(4,303,630)
Support services - administration	5,959,727	(5,483,225)	5,654,655	(4,921,634)
Operation and maintenance of plant services	4,471,493	(4,249,388)	4,453,132	(3,933,622)
Student transportation services	1,884,195	(1,804,778)	1,961,168	(1,705,804)
Operation of non-instructional services	3,939,448	887,428	4,067,677	534,430
Interest on long-term debt	315,372	(315,372)	294,768	(294,768)
Total	\$ 46,717,386	\$ (31,344,868)	\$ 44,667,751	\$ (33,280,876)

- The cost of all governmental activities this year was \$46.7 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$15.4 million.
- Net cost of governmental activities of \$31.3 million was financed by general revenues, which are made up of primarily property taxes of \$2.6 million and state and county aid of \$30.7 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$8.3 million, an increase of \$624,061 primarily due to an increase in federal grant funding.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 43 percent of the total fund balance. The entire \$3.6 million of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of \$739,460 to \$3.6 million as of fiscal year end was primarily due to the utilization of federal COVID grant monies for operational costs. General Fund revenues decreased \$177,000. General Fund expenditures increased \$444,852.

The Title IV Grants Fund's fund balance decreased \$23,837 related to grant activity and the timing of payments.

The Other Federal Projects Fund's fund balance increased \$336,690. Other Federal Projects Fund revenues increased \$2.7 million and expenditures increased \$1.6 million as a result of an increase in federal COVID grant funding.

The Debt Service Fund's fund balance decreased \$23,671 due to scheduled debt service payments.

Proprietary funds. Unrestricted net position of the Internal Service Fund at the end of the fiscal year amounted to \$2.4 million. The increase of \$635,428 from the prior fiscal year was primarily due to an increase in contributions.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure, however there is no difference in totals between the original budget and the final amended budget.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The overall favorable variance of \$2.2 million was primarily due to paying payroll expenses and instructional supplies, originally budgeted in the General Fund, out of federal COVID grant monies.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$72.1 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$2.4 million from the prior fiscal year, primarily due to construction projects to renovate school sites. Total depreciation expense for the current fiscal year was \$1.8 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2021 and June 30, 2020.

	As of June 30, 2021	As of June 30, 2020
Capital assets - non-depreciable	\$ 4,829,758	\$ 3,017,806
Capital assets - depreciable, net	35,170,319	36,371,563
Total	\$ 40,000,077	\$ 39,389,369

The estimated cost to complete current construction projects is \$1.1 million.

Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$10.7 million in long-term debt outstanding, \$684,166 due within one year. Long-term debt decreased by \$828,828 during the year.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 15 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 10 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$13.1 million and the Class B debt limit is \$8.7 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 7 through 9.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2021-22 budget. Among them:

- Fiscal year 2020-21 budget balance carry forward.
- District student population.
- The recent COVID-19 pandemic which has lowered the student population projections by approximately two percent, causing a general budget reduction. This reduction is offset by the Enrollment Stability Grant, part of the CARES Act through the Arizona Governor's Office. The District expects to be back to normal by the end of fiscal year 2021-22.

Also considered in the development of the budget is the local economy and inflation of the surrounding area, with growth in both residential and business sectors.

Budgeted expenditures in the General Fund increased four percent to \$30.8 million in fiscal year 2021-22. Increased payroll and employee benefit costs is the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2021-22 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Gadsden Elementary School District No. 32, P. O. Box 6870, San Luis, Arizona 85349.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 4,524,149
Property taxes receivable	305,049
Accounts receivable	60,212
Due from governmental entities	8,640,757
Total current assets	13,530,167
Noncurrent assets:	
Capital assets not being depreciated	4,829,758
Capital assets, net of accumulated depreciation	35,170,319
Total noncurrent assets	40,000,077
Total assets	53,530,244
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension and other postemployment benefit plan items	6,839,549
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	539,596
Claims payable	325,000
Compensated absences payable	373,345
Accrued interest payable	119,125
Obligations under capital leases	209,166
Bonds payable	475,000
Total current liabilities	2,041,232
Noncurrent liabilities:	
Non-current portion of long-term obligations	47,783,181
Total noncurrent liabilities	47,783,181
Total liabilities	49,824,413
 <u>NET POSITION</u>	
Net investment in capital assets	30,185,296
Restricted for:	
Instruction	1,934,622
Food service	1,333,587
Non-instructional purposes	30,051
Debt service	125,497
Capital outlay	1,582,400
Unrestricted	(24,646,073)
Total net position	\$ 10,545,380

The notes to the basic financial statements are an integral part of this statement.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 22,634,806	\$ 33,881	\$ 4,525,973	\$ 2,110,503	\$ (15,964,449)
Support services - students and staff	7,512,345		3,097,261		(4,415,084)
Support services - administration	5,959,727		476,502		(5,483,225)
Operation and maintenance of plant services	4,471,493	60,211	8,315	153,579	(4,249,388)
Student transportation services	1,884,195		79,417		(1,804,778)
Operation of non-instructional services	3,939,448	16,402	4,810,474		887,428
Interest on long-term debt	315,372				(315,372)
Total governmental activities	<u>\$ 46,717,386</u>	<u>\$ 110,494</u>	<u>\$ 12,997,942</u>	<u>\$ 2,264,082</u>	<u>\$ (31,344,868)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	1,421,730
Property taxes, levied for debt service	696,979
Property taxes, levied for capital outlay	439,748
Investment income	39,947
Unrestricted county aid	931,946
Unrestricted state aid	29,804,780
Total general revenues	<u>33,335,130</u>

Changes in net position

1,990,262

Net position, beginning of year

8,555,118

Net position, end of year

\$ 10,545,380

The notes to the basic financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Title IV Grants	Other Federal Projects
<u>ASSETS</u>			
Cash and investments	\$	\$	\$
Property taxes receivable	181,664		
Accounts receivable			
Due from governmental entities	6,801,991	400,035	429,013
Due from other funds			
Total assets	\$ 6,983,655	\$ 400,035	\$ 429,013
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 222,988	\$ 97,061	\$ 20,958
Due to other funds	3,028,954	302,974	299,270
Bonds payable			
Bond interest payable			
Total liabilities	3,251,942	400,035	320,228
Deferred inflows of resources:			
Unavailable revenues - property taxes	161,938		
Unavailable revenues - intergovernmental		400,035	429,013
Total deferred inflows of resources	161,938	400,035	429,013
Fund balances (deficits):			
Restricted			
Unassigned	3,569,775	(400,035)	(320,228)
Total fund balances	3,569,775	(400,035)	(320,228)
 Total liabilities, deferred inflows of resources and fund balances	 \$ 6,983,655	 \$ 400,035	 \$ 429,013

The notes to the basic financial statements are an integral part of this statement.

Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 641,222	\$ 1,114,330	\$ 1,755,552
78,400	44,985	305,049
	60,212	60,212
	1,009,718	8,640,757
	4,038,121	4,038,121
<u>\$ 719,622</u>	<u>\$ 6,267,366</u>	<u>\$ 14,799,691</u>
\$	\$ 198,589	\$ 539,596
	406,923	4,038,121
475,000		475,000
119,125		119,125
<u>594,125</u>	<u>605,512</u>	<u>5,171,842</u>
68,775	38,918	269,631
	254,634	1,083,682
<u>68,775</u>	<u>293,552</u>	<u>1,353,313</u>
56,722	5,612,134	5,668,856
	(243,832)	2,605,680
<u>56,722</u>	<u>5,368,302</u>	<u>8,274,536</u>
<u>\$ 719,622</u>	<u>\$ 6,267,366</u>	<u>\$ 14,799,691</u>

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GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total governmental fund balances **\$ 8,274,536**

Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 72,074,487	
Less accumulated depreciation	<u>(32,074,410)</u>	40,000,077

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Property taxes	269,631	
Intergovernmental	<u>1,083,682</u>	1,353,313

Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. 6,839,549

The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position. 2,443,597

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Other postemployment benefits payable	(1,256,782)	
Compensated absences payable	(2,009,528)	
Obligations under capital leases	(3,240,604)	
Net pension liability	(34,869,622)	
Bonds payable	<u>(6,989,156)</u>	<u>(48,365,692)</u>

Net position of governmental activities **\$ 10,545,380**

The notes to the basic financial statements are an integral part of this statement.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Title IV Grants</u>	<u>Other Federal Projects</u>
Revenues:			
Other local	\$ 946,112	\$	\$
Property taxes	1,402,011		
State aid and grants	25,963,745		
Federal aid, grants and reimbursements		1,021,137	2,873,320
Total revenues	<u>28,311,868</u>	<u>1,021,137</u>	<u>2,873,320</u>
Expenditures:			
Current -			
Instruction	14,480,525	668,125	527,138
Support services - students and staff	3,461,574	210,823	275,990
Support services - administration	4,859,649	1,010	112,817
Operation and maintenance of plant services	3,911,092		19,802
Student transportation services	1,211,000		
Operation of non-instructional services	93,600	30,855	4,585
Capital outlay		99,803	1,855,842
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>28,017,440</u>	<u>1,010,616</u>	<u>2,796,174</u>
Excess (deficiency) of revenues over expenditures	<u>294,428</u>	<u>10,521</u>	<u>77,146</u>
Other financing sources (uses):			
Transfers in	750,032		270,240
Transfers out	(305,000)	(34,358)	(10,696)
Total other financing sources (uses)	<u>445,032</u>	<u>(34,358)</u>	<u>259,544</u>
Changes in fund balances	<u>739,460</u>	<u>(23,837)</u>	<u>336,690</u>
Fund balances (deficits), beginning of year	2,830,315	(376,198)	(656,918)
Fund balances (deficits), end of year	<u>\$ 3,569,775</u>	<u>\$ (400,035)</u>	<u>\$ (320,228)</u>

The notes to the basic financial statements are an integral part of this statement.

Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 70	\$ 227,205	\$ 1,173,387
688,532	433,917	2,524,460
	5,312,289	31,276,034
	9,290,722	13,185,179
<u>688,602</u>	<u>15,264,133</u>	<u>48,159,060</u>
	4,340,025	20,015,813
	3,208,222	7,156,609
	374,946	5,348,422
	61,365	3,992,259
	36,620	1,247,620
	3,655,177	3,784,217
	3,015,214	4,970,859
475,000	192,103	667,103
239,200	112,897	352,097
<u>714,200</u>	<u>14,996,569</u>	<u>47,534,999</u>
<u>(25,598)</u>	<u>267,564</u>	<u>624,061</u>
1,927	305,000	1,327,199
	(977,145)	(1,327,199)
<u>1,927</u>	<u>(672,145)</u>	
<u>(23,671)</u>	<u>(404,581)</u>	<u>624,061</u>
80,393	5,772,883	7,650,475
<u>\$ 56,722</u>	<u>\$ 5,368,302</u>	<u>\$ 8,274,536</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Changes in fund balances - total governmental funds	\$	624,061
<p>Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:</p> <p>Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capitalized assets	\$ 2,414,713	
Less current year depreciation	<u>(1,804,005)</u>	610,708
<p>Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	33,997	
Intergovernmental	<u>514,591</u>	548,588
<p>Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Capital lease principal retirement	192,103	
Bond principal retirement	<u>475,000</u>	667,103
<p>Governmental funds report pension/OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension/OPEB liability, adjusted for deferred items, is reported as pension/OPEB expense in the Statement of Activities.</p>		
Current year pension/OPEB contributions	2,863,831	
Pension/OPEB expense	<u>(3,617,884)</u>	(754,053)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Amortization of deferred bond items	36,725	
Compensated absences	<u>(378,298)</u>	(341,573)
<p>The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.</p>		
		<u>635,428</u>
Changes in net position in governmental activities	\$	<u>1,990,262</u>

The notes to the basic financial statements are an integral part of this statement.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities: Internal Service Funds
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 2,768,597
Total current assets	2,768,597
Total assets	2,768,597
 <u>LIABILITIES</u>	
Current liabilities:	
Claims payable	325,000
Total current liabilities	325,000
Total liabilities	325,000
 <u>NET POSITION</u>	
Unrestricted	2,443,597
Total net position	\$ 2,443,597

The notes to the basic financial statements are an integral part of this statement.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities: Internal Service Funds
Operating revenues:	
Contributions	\$ 3,313,565
Total operating revenues	<u>3,313,565</u>
Operating expenses:	
Claims	1,799,967
Premiums	609,404
Administrative fees	268,766
Total operating expenses	<u>2,678,137</u>
Operating income (loss)	<u>635,428</u>
Changes in net position	<u>635,428</u>
Total net position, beginning of year	1,808,169
Total net position, end of year	<u><u>\$ 2,443,597</u></u>

The notes to the basic financial statements are an integral part of this statement.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

	Governmental Activities: Internal Service Funds
<u>Increase/Decrease in Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash received from contributions	\$ 3,313,565
Cash payments to suppliers for goods and services	(878,170)
Cash payments for claims	(1,779,843)
Net cash provided by/used for operating activities	655,552
Cash flows from noncapital financing activities:	
Interfund borrowing	2,113,045
Net cash provided by/used for noncapital financing activities	2,113,045
Net increase/decrease in cash and cash equivalents	2,768,597
Cash and cash equivalents, beginning of year	
Cash and cash equivalents, end of year	\$ 2,768,597
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>	
Operating income/loss	\$ 635,428
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:	
Changes in assets and liabilities:	
Increase/decrease in stop loss receivable	20,124
Total adjustments	20,124
Net cash provided by/used for operating activities	\$ 655,552

The notes to the basic financial statements are an integral part of this statement.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gadsden Elementary School District No. 32 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the District for financial statement presentation purposes, and the District, are not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities and food services.

Blended Component Unit – The blended component unit, although a legally separate entity, is, in substance, part of the District's operations. The Gadsden Elementary School District No. 32 Employee Benefit Trust is responsible for providing health insurance for the District employees. The District's Governing Board appoints the Trust's Board of Directors. The Gadsden Elementary School District No. 32 Employee Benefit Trust provides services entirely to the District and therefore has been included as an Internal Service Fund in accordance with the criteria established by GASB. Separately issued stand-alone financial statements of the Employee Benefit Trust are not prepared.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District and its component unit. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities or fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted federal, state, and county aid, and other items not included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amount approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the “early recognition” option for debt service payments. Property tax resources are provided in the Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized in the current period.

Property taxes, federal, state and county aid, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

Separate financial statements are presented for governmental funds and proprietary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Title IV Grants Fund – The Title IV Grants Fund accounts for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

Other Federal Projects Fund – The Other Federal Projects Fund accounts for financial assistance received for other supplemental federal projects.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Additionally, the District reports the following fund types:

Proprietary Fund – The Proprietary Fund is an Internal Service Fund that accounts for activities related to the District’s self-insurance program.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal service fund are charges for employee health insurance. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank, and cash and investments held by the County Treasurer.

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District’s funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer’s investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

Statute authorizes the District to deposit monies of the Auxiliary Operations and Student Activities Funds in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer’s Office. The purpose of the pooled collateral program is to ensure that governmental entities’ public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository’s compliance with the program.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the governmental fund financial statements and in nonoperating revenues in the proprietary fund financial statements.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August, that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

I. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment; and construction in progress, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 - 50 years
Buildings and improvements	3 - 60 years
Vehicles, furniture and equipment	5 - 20 years

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

L. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit (OPEB) liabilities, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the pension and OPEB plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

P. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the District’s fund balance classifications at year end.

	<u>General Fund</u>	<u>Title IV Grants Fund</u>	<u>Other Federal Projects Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:					
Restricted:					
Debt service	\$	\$	\$	\$ 56,722	\$
Capital projects					1,543,482
Bond building projects					889,979
Voter approved initiatives					1,078,329
Federal and state projects					395,101
Food service					1,333,587
Civic center					29,062
Extracurricular activities					155,193
Gifts and donations					115,275
Student activities					67,694
Other purposes					4,432
Unassigned	<u>3,569,775</u>	<u>(400,035)</u>	<u>(320,228)</u>	<u>56,722</u>	<u>(243,832)</u>
Total fund balances	<u>\$3,569,775</u>	<u>\$ (400,035)</u>	<u>\$ (320,228)</u>	<u>\$ 56,722</u>	<u>\$ 5,368,302</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	Deficit
Major Funds:	
Title IV Grants	\$ 400,035
Other Federal Projects	320,228
Non-Major Governmental Funds:	
Title I Grants	167,204
Professional Development and Technology Grants	3,364
Limited English and Immigrant Students	11,602
Special Education Grants	61,662

The deficits arose because of operations during the year and/or because of pending grant reimbursements. Additional revenues received in fiscal year 2020-21 are expected to eliminate the deficits.

Excess Expenditures Over Budget – At year end, the District had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions.

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$664,382 and the bank balance was \$741,078. At year end \$419,074 of the District’s deposits were covered by collateral held by the pledging financial institution’s trust department or agent but not in the District’s name.

Fair Value Measurements. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – CASH AND INVESTMENTS

The County Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant’s position in the County Treasurer investment pool approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

At year end, the District's investments consisted of the following:

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer’s investment pool	497 days	\$ 3,859,767

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

Custodial Credit Risk – Investments. The District’s investment in the County Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the District’s portion is not identified with specific investments and is not subject to custodial credit risk.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District’s individual major funds and non-major governmental funds in the aggregate were as follows:

	General Fund	Title IV Grants Fund	Other Federal Projects Fund	Non-Major Governmental Funds
Due from governmental entities:				
Due from federal government	\$	\$ 400,035	\$ 429,013	\$ 526,457
Due from state government	6,792,940			483,261
Due from county government	9,051			
Net due from governmental entities	<u>\$ 6,801,991</u>	<u>\$ 400,035</u>	<u>\$ 429,013</u>	<u>\$ 1,009,718</u>

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,343,128	\$	\$	\$ 2,343,128
Construction in progress	674,678	2,360,698	548,746	2,486,630
Total capital assets, not being depreciated	<u>3,017,806</u>	<u>2,360,698</u>	<u>548,746</u>	<u>4,829,758</u>
Capital assets, being depreciated:				
Land improvements	2,474,183			2,474,183
Buildings and improvements	52,550,501	548,746		53,099,247
Vehicles, furniture and equipment	11,641,142	54,015	23,858	11,671,299
Total capital assets being depreciated	<u>66,665,826</u>	<u>602,761</u>	<u>23,858</u>	<u>67,244,729</u>
Less accumulated depreciation for:				
Land improvements	(1,888,025)	(93,411)		(1,981,436)
Buildings and improvements	(21,440,790)	(1,151,125)		(22,591,915)
Vehicles, furniture and equipment	(6,965,448)	(559,469)	(23,858)	(7,501,059)
Total accumulated depreciation	<u>(30,294,263)</u>	<u>(1,804,005)</u>	<u>(23,858)</u>	<u>(32,074,410)</u>
Total capital assets, being depreciated, net	<u>36,371,563</u>	<u>(1,201,244)</u>		<u>35,170,319</u>
Governmental activities capital assets, net	<u>\$ 39,389,369</u>	<u>\$ 1,159,454</u>	<u>\$ 548,746</u>	<u>\$ 40,000,077</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,270,741
Support services – students and staff	79,382
Support services – administration	1,081
Operation and maintenance of plant services	287,203
Student transportation services	143,634
Operation of non-instructional services	21,964
Total depreciation expense – governmental activities	<u>\$ 1,804,005</u>

Construction Commitments – At year end, the District had contractual commitments related to a restroom remodel and addition of eight classrooms at San Luis Middle School, addition of a multi-purpose room and gym at Rio Colorado Elementary School, and commitments related to roof repairs at San Luis Middle School and Rio Colorado Elementary School. At year end the District had spent \$2.5 million on the projects and had estimated remaining contractual commitments of \$1.1 million. These projects are being funded by the Bond Building and Building Renewal Grant Funds.

NOTE 7 – OBLIGATIONS UNDER LEASES

Land Use Agreement – The District leases approximately 30 acres of land under a lease agreement with the federal government through the Bureau of Land Management. Three San Luis Schools are located on this land.

The lease, which was originally entered into in 1983, was renewed during fiscal year 2009, and has a remaining term for a period of nine years ending in fiscal year 2018-19 where the District pays a nominal annual fee. The District may exercise the option to request patent to the lands in the lease upon substantial completion of the proposed improvements and facilities. The option may be exercised at any time during the term of the lease and the conveyance shall be made at the then current rate per acre for the approximate 30-acre section of land. The lease is in the renewal process at this time at the rate in effect at the renewal time.

Capital Leases – The District entered into a long-term lease agreement for the purchase of energy conservation equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the General Fund are transferred to the Energy and Water Savings Fund to pay the capital lease obligation when due. Amortization of assets recorded under capital leases is included with depreciation expense.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – OBLIGATIONS UNDER LEASES

The assets acquired through capital leases that meet the District’s capitalization threshold are as follows:

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	\$ 4,114,727
Less: Accumulated depreciation	1,377,074
Total	\$ 2,737,653

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows:

	Governmental Activities
Year Ending June 30:	
2022	\$ 315,400
2023	326,000
2024	337,200
2025	348,800
2026	360,600
2027-31	1,994,000
2032	216,302
Total minimum lease payments	3,898,302
Less: amount representing interest	657,698
Present value of minimum lease payments	\$ 3,240,604
Due within one year	\$ 209,166

Operating Leases – The District leases copier equipment under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$82,514 for the current fiscal year. The future minimum rental payments required under the operating leases at year end were as follows:

Year Ending June 30:	
2022	\$ 16,874
2023	708
Total minimum payments required	\$ 17,582

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are callable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. The District’s legal debt limit is \$13.1 million and the available margin is \$6.0 million.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2021</u>	<u>Due Within One Year</u>
Governmental activities:					
School Improvement Bonds, Project of 2015, Series A (Class B)	\$ 7,595,000	2.00-4.00%	7/1/21-35	\$ 4,625,000	\$ 275,000
School Improvement Bonds, Project of 2015, Series A (2019)	2,625,000	2.00-4.00%	7/1/21-35	<u>2,325,000</u>	<u>200,000</u>
Total				<u>\$ 6,950,000</u>	<u>\$ 475,000</u>

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows:

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 475,000	\$ 238,250
2023	465,000	226,750
2024	375,000	215,700
2025	375,000	205,950
2026	380,000	196,200
2027-31	2,230,000	748,000
2032-36	<u>2,650,000</u>	<u>282,000</u>
Total	<u>\$ 6,950,000</u>	<u>\$ 2,112,850</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 7,550,000	\$	\$ 600,000	\$ 6,950,000	\$ 475,000
Premium	<u>550,881</u>	<u> </u>	<u>36,725</u>	<u>514,156</u>	<u> </u>
Total bonds payable	<u>8,100,881</u>	<u> </u>	<u>636,725</u>	<u>7,464,156</u>	<u>475,000</u>
Obligations under capital leases	3,432,707		192,103	3,240,604	209,166
Net OPEB liability	1,405,249		148,467	1,256,782	
Net pension liability	28,910,252	5,959,370		34,869,622	
Compensated absences payable	<u>1,631,230</u>	<u>975,374</u>	<u>597,076</u>	<u>2,009,528</u>	<u>373,345</u>
Governmental activity long-term liabilities	<u>\$ 43,480,319</u>	<u>\$ 6,934,744</u>	<u>\$ 1,574,371</u>	<u>\$ 48,840,692</u>	<u>\$ 1,057,511</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

	Non-Major Governmental Funds
General Fund	\$ 3,028,954
Title IV Grants Fund	302,974
Other Federal Projects Fund	299,270
Non-Major Governmental Funds	<u>406,923</u>
Total Due from Other Funds	<u>\$ 4,038,121</u>

At year end, the General Fund, Title IV Grants Fund, Other Federal Projects Fund, and several non-major governmental funds had negative cash balances in the County Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with non-major governmental funds. All interfund balances are expected to be paid within one year.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

	Transfers in				Total
	General Fund	Other Federal Projects Fund	Debt Service Fund	Non-Major Governmental and Other Funds	
Transfers out					
General Fund	\$	\$	\$	\$ 305,000	\$ 305,000
Title IV Grants Fund	34,358				34,358
Other Federal Projects Fund	10,696				10,696
Non-Major and Other Governmental Funds	704,978	270,240	1,927		977,145
Total	<u>\$ 750,032</u>	<u>\$ 270,240</u>	<u>\$ 1,927</u>	<u>\$ 305,000</u>	<u>\$ 1,327,199</u>

Transfers between funds were used to (1) move federal grant funds restricted for indirect costs, (2) consolidate federal grant funds for allowable program payments, (3) to move investment income earned in the Bond Building Fund, and (4) to pay capital lease principal.

NOTE 11 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Lawsuits – The District is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable; however, District management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

Lease-To-Own Agreement – In a prior year, the Arizona Schools Facilities Board (SFB) entered into a lease to finance costs of the District’s new school facilities pursuant to A.R.S. §§15-2004, 15-2005 and 15-2006. The SFB is required to make all lease payments, however, if the SFB does not make the lease payments, the District has the option to make the payments on behalf of the SFB to ensure the facilities do not revert back to the lessor.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The District established an Employee Benefit Trust Fund (an internal service fund) to account for and finance its uninsured risks of loss related to employee health. Under this program, the Employee Benefits Trust Fund provides coverage for up to a maximum of \$100,000 for each employee health claim, not to exceed an annual aggregate of \$2.7 million. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – RISK MANAGEMENT

Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
2020-21	\$ 325,000	\$ 1,799,967	\$ 1,799,967	\$ 325,000
2019-20	971,637	1,947,360	2,593,997	325,000

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Aggregate Amounts. At June 30, 2021, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pension	OPEB	Total
Net liability	\$ 34,869,622	\$ 1,256,782	\$ 36,126,404
Deferred outflows of resources	6,839,549		6,839,549
Expense	3,581,278	36,606	3,617,884
Contributions	2,678,758	185,073	2,863,831

A. Arizona State Retirement System

Plan Description. District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District’s financial statements.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2021 were \$2.7 million.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 for retirement and 0.07 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District’s pension plan contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund.

Pension Liability. The net pension liability was measured as of June 30, 2020. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The District’s proportion of the net liability was based on the District’s actual contributions to the applicable plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2020.

At June 30, 2021, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2020, the District’s percentage proportion for the plan and the related change from its proportion measured as of June 30, 2019 was:

<u>Net Liability</u>	<u>District % Proportion</u>	<u>Increase (Decrease)</u>
\$ 34,869,622	0.201	0.003

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2021 was \$3.6 million.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 315,456	\$
Net difference between projected and actual earnings on pension investments	3,363,216	
Changes in proportion and differences between contributions and proportionate share of contributions	482,119	
Contributions subsequent to the measurement date	2,678,758	
Total	\$ 6,839,549	\$

The District did not have deferred inflows of resources related to pensions during the year.

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2022	\$	754,021
2023		1,150,034
2024		1,216,511
2025		1,040,225

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

	<u>Pension</u>
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Inflation	2.3%
Projected salary increases	2.7-7.2%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage excluding any expected inflation.

On June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective July 2018. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	6.39%
Credit	20	5.44
Interest rate sensitive bonds	10	0.22
Real estate	20	5.85
Total	<u>100%</u>	

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.5%	7.5%	8.5%
Net liability	\$ 47,683,734	\$ 34,869,622	\$ 24,157,682

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

B. Single-Employer OPEB Plan

Plan Description. Under authority of the Governing Board, the District provides postemployment healthcare coverage on behalf of its eligible retirees up to age 65. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan requires 15 consecutive years of employment prior to July 1, 2011, and thus, the plan is closed to new entrants. Generally, resources from the General Fund are used to pay for postemployment benefits.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Benefits Provided. The plan provides postemployment insurance (medical, prescription drug and dental) benefits for eligible retirees up to five years or age 65, whichever occurs first, or until the retiree becomes eligible for medical and dental benefits paid by another employer. Vision and life insurance, provided to District employees, are not extended to retirees. To be eligible for District-paid benefits, a retiree must have 25 consecutive years of service in the District and have been employed by the District for a minimum of 15 consecutive years as of July 1, 2011. The District will pay the difference between the dollar allowance provided by the State of Arizona through the Arizona State Retirement System (\$150) and the cost of the selected plan. Coverage is for the retiree only – dependent coverage is not extended to retirees.

Contributions. For the current fiscal year, the District contributed \$185,073 for these benefits. The District’s regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. A separate financial report is not issued for the plan.

Employees covered by benefit terms. The following employees were covered as of the effective date of the OPEB valuation:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>32</u>
Total	<u><u>40</u></u>

Total OPEB Liability. The District’s total OPEB liability of \$1.3 million was measured as of June 30, 2021, and was determined through utilization of the alternative measurement method as of that date.

Actuarial Assumptions and Other Inputs. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2021
Actuarial valuation date	July 1, 2020
Interest rate	None
Inflation rate	2.25%
Projected salary increases	2.50%
Health care cost trend rate:	
Medical and Prescription Drug	6.8% graded down to an ultimate rate of 5.0% over 10 years
Retiree contribution increase	Same as healthcare cost trend rates
ASRS subsidy increases	None
Cost of living adjustments	N/A

The discount rate is based on the estimate of expected long-term plan experience. At June 30, 2021, the discount rate used to measure the total OPEB liability was 2.16 percent, which was a change from 2.21 percent used as of June 30, 2020.

Mortality rates follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

Changes in the Total OPEB Liability

Total OPEB Liability – beginning of year	\$ 1,405,249
Changes for the year:	
Service cost	5,920
Interest	29,010
Changes in assumptions or other inputs	1,676
Benefit payments	(185,073)
Net changes	<u>(148,467)</u>
Total OPEB Liability – end of year	<u>\$ 1,256,782</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Rate			
Total OPEB liability	\$ 1,308,103	\$ 1,256,782	\$ 1,209,025

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (Varies)	Current Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Rates			
Total OPEB liability	\$ 1,187,980	\$ 1,256,782	\$ 1,329,758

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB. For the year ended June 30, 2021, the District recognized OPEB expense of \$36,606.

REQUIRED SUPPLEMENTARY INFORMATION

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GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 945,819	\$ 945,819
Property taxes			1,402,011	1,402,011
State aid and grants			25,963,745	25,963,745
Total revenues			<u>28,311,575</u>	<u>28,311,575</u>
Expenditures:				
Current -				
Instruction	16,012,702	15,859,626	14,468,022	1,391,604
Support services - students and staff	3,022,055	3,130,853	3,202,615	(71,762)
Support services - administration	4,723,187	4,932,244	4,624,081	308,163
Operation and maintenance of plant services	4,335,464	4,182,370	3,862,772	319,598
Student transportation services	1,496,056	1,496,056	1,205,567	290,489
Operation of non-instructional services	102,606	90,921	93,600	(2,679)
Total expenditures	<u>29,692,070</u>	<u>29,692,070</u>	<u>27,456,657</u>	<u>2,235,413</u>
Excess (deficiency) of revenues over expenditures	<u>(29,692,070)</u>	<u>(29,692,070)</u>	<u>854,918</u>	<u>30,546,988</u>
Other financing sources (uses):				
Transfers out			(305,000)	(305,000)
Total other financing sources (uses)			<u>(305,000)</u>	<u>(305,000)</u>
Changes in fund balances	<u>(29,692,070)</u>	<u>(29,692,070)</u>	<u>549,918</u>	<u>30,241,988</u>
Fund balances, beginning of year			2,061,754	2,061,754
Increase (decrease) in reserve for prepaid items			277,041	277,041
Fund balances (deficits), end of year	<u>\$ (29,692,070)</u>	<u>\$ (29,692,070)</u>	<u>\$ 2,888,713</u>	<u>\$ 32,580,783</u>

See accompanying notes to this schedule.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TITLE IV GRANTS
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal aid, grants and reimbursements	\$	\$	\$ 1,021,137	\$ 1,021,137
Total revenues			<u>1,021,137</u>	<u>1,021,137</u>
Expenditures:				
Current -				
Instruction	810,000	1,186,600	668,125	518,475
Support services - students and staff			210,823	(210,823)
Support services - administration			1,010	(1,010)
Operation of non-instructional services			30,855	(30,855)
Capital outlay			99,803	(99,803)
Total expenditures	<u>810,000</u>	<u>1,186,600</u>	<u>1,010,616</u>	<u>175,984</u>
Excess (deficiency) of revenues over expenditures	<u>(810,000)</u>	<u>(1,186,600)</u>	<u>10,521</u>	<u>1,197,121</u>
Other financing sources (uses):				
Transfers out			(34,358)	(34,358)
Total other financing sources (uses)			<u>(34,358)</u>	<u>(34,358)</u>
Changes in fund balances	<u>(810,000)</u>	<u>(1,186,600)</u>	<u>(23,837)</u>	<u>1,162,763</u>
Fund balances (deficits), beginning of year			(376,198)	(376,198)
Fund balances (deficits), end of year	<u>\$ (810,000)</u>	<u>\$ (1,186,600)</u>	<u>\$ (400,035)</u>	<u>\$ 786,565</u>

See accompanying notes to this schedule.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER FEDERAL PROJECTS
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Federal aid, grants and reimbursements	\$	\$	\$ 2,873,320	\$ 2,873,320
Total revenues			<u>2,873,320</u>	<u>2,873,320</u>
Expenditures:				
Current -				
Instruction	1,770,000	6,252,614	527,138	5,725,476
Support services - students and staff			275,990	(275,990)
Support services - administration			112,817	(112,817)
Operation and maintenance of plant services			19,802	(19,802)
Operation of non-instructional services			4,585	(4,585)
Capital outlay			1,855,842	(1,855,842)
Total expenditures	<u>1,770,000</u>	<u>6,252,614</u>	<u>2,796,174</u>	<u>3,456,440</u>
Excess (deficiency) of revenues over expenditures	<u>(1,770,000)</u>	<u>(6,252,614)</u>	<u>77,146</u>	<u>6,329,760</u>
Other financing sources (uses):				
Transfers in			270,240	270,240
Transfers out			(10,696)	(10,696)
Total other financing sources (uses)			<u>259,544</u>	<u>259,544</u>
Changes in fund balances	<u>(1,770,000)</u>	<u>(6,252,614)</u>	<u>336,690</u>	<u>6,589,304</u>
Fund balances (deficits), beginning of year			(656,918)	(656,918)
Fund balances (deficits), end of year	<u>\$ (1,770,000)</u>	<u>\$ (6,252,614)</u>	<u>\$ (320,228)</u>	<u>\$ 5,932,386</u>

See accompanying notes to this schedule.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net pension (assets) liability	0.20%	0.20%	0.19%	0.19%
District's proportionate share of the net pension (assets) liability	\$ 34,869,622	\$ 28,910,252	\$ 27,004,571	\$ 30,272,826
District's covered payroll	\$ 21,879,799	\$ 20,910,742	\$ 18,959,083	\$ 18,901,503
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	159.37%	138.26%	142.44%	160.16%
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%

SCHEDULE OF PENSION CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 2,678,758	\$ 2,505,237	\$ 2,337,821	\$ 2,066,540
Contributions in relation to the actuarially determined contribution	<u>2,678,758</u>	<u>2,505,237</u>	<u>2,337,821</u>	<u>2,066,540</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 22,993,631	\$ 21,879,799	\$ 20,910,742	\$ 18,959,083
Contributions as a percentage of covered payroll	11.65%	11.45%	11.18%	10.90%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2016	June 30, 2015	June 30, 2014
0.20%	0.20%	0.21%
\$ 31,544,365	\$ 31,697,360	\$ 30,297,050
\$ 18,267,585	\$ 19,109,458	\$ 18,780,617
172.68%	165.87%	161.32%
67.06%	68.35%	69.49%

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,037,582	\$ 1,982,033	\$ 2,081,020
<u>2,037,582</u>	<u>1,982,033</u>	<u>2,081,020</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 18,901,503	\$ 18,267,585	\$ 19,109,458
10.78%	10.85%	10.89%

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST FOUR FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability				
Service cost	\$ 5,920	\$ 1,783	\$ 13,236	\$ 12,743
Interest	29,010	52,552	63,105	67,838
Differences between expected and actual experience		(104,757)		
Changes of assumptions or other inputs	1,676	74,062	19,973	
Benefit payments	<u>(185,073)</u>	<u>(239,737)</u>	<u>(211,553)</u>	<u>(193,855)</u>
Net change in total OPEB liability	<u>(148,467)</u>	<u>(216,097)</u>	<u>(115,239)</u>	<u>(113,274)</u>
Total OPEB liability—beginning	<u>1,405,249</u>	<u>1,621,346</u>	<u>1,736,585</u>	<u>1,849,859</u>
Total OPEB liability—ending	<u><u>\$ 1,256,782</u></u>	<u><u>\$ 1,405,249</u></u>	<u><u>\$ 1,621,346</u></u>	<u><u>\$ 1,736,585</u></u>
 Covered-employee payroll	 \$ 1,642,981	 \$ 1,581,819	 \$ 1,695,088	 \$ 1,714,013
 Total OPEB liability as a percentage of covered-employee payroll	 76.49%	 88.84%	 95.65%	 101.32%

NOTE: The OPEB schedule in the required supplementary information is intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following items.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Prepaid items are budgeted in the year prepaid.

The following schedule reconciles expenditures and fund balances at the end of year:

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 28,017,440	\$ 3,569,775
Activity budgeted as special revenue funds	(512,463)	(681,062)
Current-year prepaid items	277,041	
Prior-year prepaid items	(325,361)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 27,456,657	\$ 2,888,713

NOTE 2 – PENSION AND OPEB PLAN SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation.

No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4, to pay the benefits for the single-employer defined benefit OPEB plan.

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**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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GOVERNMENTAL FUNDS

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 170,128	\$ 944,202	\$ 1,114,330
Property taxes receivable		44,985	44,985
Accounts receivable	60,212		60,212
Due from governmental entities	758,349	251,369	1,009,718
Due from other funds	2,772,937	1,265,184	4,038,121
Total assets	<u>\$ 3,761,626</u>	<u>\$ 2,505,740</u>	<u>\$ 6,267,366</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 165,228	\$ 33,361	\$ 198,589
Due to other funds	406,923		406,923
Total liabilities	<u>572,151</u>	<u>33,361</u>	<u>605,512</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes		38,918	38,918
Unavailable revenues - intergovernmental	254,634		254,634
Total deferred inflows of resources	<u>254,634</u>	<u>38,918</u>	<u>293,552</u>
Fund balances (deficits):			
Restricted	3,178,673	2,433,461	5,612,134
Unassigned	(243,832)		(243,832)
Total fund balances	<u>2,934,841</u>	<u>2,433,461</u>	<u>5,368,302</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 3,761,626</u>	 <u>\$ 2,505,740</u>	 <u>\$ 6,267,366</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 188,430	\$ 38,775	\$ 227,205
Property taxes		433,917	433,917
State aid and grants	3,863,337	1,448,952	5,312,289
Federal aid, grants and reimbursements	<u>9,290,722</u>		<u>9,290,722</u>
Total revenues	<u>13,342,489</u>	<u>1,921,644</u>	<u>15,264,133</u>
Expenditures:			
Current -			
Instruction	4,340,025		4,340,025
Support services - students and staff	3,208,222		3,208,222
Support services - administration	374,946		374,946
Operation and maintenance of plant services	61,365		61,365
Student transportation services	36,620		36,620
Operation of non-instructional services	3,655,177		3,655,177
Capital outlay	209,780	2,805,434	3,015,214
Debt service -			
Principal retirement		192,103	192,103
Interest and fiscal charges		112,897	112,897
Total expenditures	<u>11,886,135</u>	<u>3,110,434</u>	<u>14,996,569</u>
Excess (deficiency) of revenues over expenditures	<u>1,456,354</u>	<u>(1,188,790)</u>	<u>267,564</u>
Other financing sources (uses):			
Transfers in		305,000	305,000
Transfers out	(975,218)	(1,927)	(977,145)
Total other financing sources (uses)	<u>(975,218)</u>	<u>303,073</u>	<u>(672,145)</u>
Changes in fund balances	<u>481,136</u>	<u>(885,717)</u>	<u>(404,581)</u>
Fund balances, beginning of year	2,453,705	3,319,178	5,772,883
Fund balances, end of year	<u>\$ 2,934,841</u>	<u>\$ 2,433,461</u>	<u>\$ 5,368,302</u>

SPECIAL REVENUE FUNDS

Classroom Site - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

Instructional Improvement - to account for the activity of monies received from gaming revenue.

Title I Grants - to account for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging state academic standards.

Professional Development and Technology Grants - to account for financial assistance received to increase student academic achievement through improving teacher quality.

Limited English and Immigrant Students - to account for financial assistance received for educational services and costs for limited English and immigrant children.

Special Education Grants - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

E-Rate - to account for monies received to reimburse the District for broadband internet and telecommunications costs.

Gifted - to account for financial assistance received for programs for gifted students.

Results-based Funding - to account for financial assistance received for academic performance results in accordance with A.R.S. §15-249.08.

Rural Assistance - to account for state assistance received to assist homeless of special needs pupils.

Other State Projects - to account for financial assistance received for other State projects.

School Plant - to account for proceeds from the sale or lease of school property.

Food Service - to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

Civic Center - to account for monies received from the rental of school facilities for civic activities.

Extracurricular Activities Fees Tax Credit - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

Gifts and Donations - to account for activity related to gifts, donations, bequests and private grants made to the District.

Insurance Proceeds - to account for the monies received from insurance claims.

Textbooks - to account for monies received from students to replace or repair lost or damaged textbooks.

Litigation Recovery - to account for monies received for and derived from litigation.

Indirect Costs - to account for monies received from federal projects for administrative costs.

Advertisement - to account for monies received from the sale of advertising.

Student Activities - to account for monies raised by students to finance student clubs and organizations.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Classroom Site	Instructional Improvement	Title I Grants
<u>ASSETS</u>			
Cash and investments	\$	\$	\$
Accounts receivable			
Due from governmental entities			167,204
Due from other funds	983,433	94,896	
Total assets	\$ 983,433	\$ 94,896	\$ 167,204
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 13,479
Due to other funds			153,725
Total liabilities			167,204
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			167,204
Fund balances (deficits):			
Restricted	983,433	94,896	
Unassigned			(167,204)
Total fund balances	983,433	94,896	(167,204)
 Total liabilities, deferred inflows of resources and fund balances	 \$ 983,433	 \$ 94,896	 \$ 167,204

<u>Professional Development and Technology Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Special Education Grants</u>	<u>E-Rate</u>	<u>Results-based Funding</u>	<u>Other State Projects</u>
\$	\$	\$	\$	\$ 6,034	\$ 159,662
3,364	11,602	61,662	213,515	218,781	13,111
<u>\$ 3,364</u>	<u>\$ 11,602</u>	<u>\$ 61,662</u>	<u>\$ 213,515</u>	<u>\$ 224,815</u>	<u>\$ 172,773</u>
\$	\$	\$ 59,780	\$	\$	\$
3,364	11,602	1,882	205,200		
<u>3,364</u>	<u>11,602</u>	<u>61,662</u>	<u>205,200</u>		
3,364	11,602	61,662	8,315		2,487
(3,364)	(11,602)	(61,662)		224,815	170,286
<u>(3,364)</u>	<u>(11,602)</u>	<u>(61,662)</u>		<u>224,815</u>	<u>170,286</u>
<u>\$ 3,364</u>	<u>\$ 11,602</u>	<u>\$ 61,662</u>	<u>\$ 213,515</u>	<u>\$ 224,815</u>	<u>\$ 172,773</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Food Service	Civic Center	Extracurricular Activities Fees Tax Credit
<u>ASSETS</u>			
Cash and investments	\$	\$	\$
Accounts receivable		60,212	
Due from governmental entities	69,110		
Due from other funds	1,354,219		155,193
Total assets	\$ 1,423,329	\$ 60,212	\$ 155,193
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u>			
<u>AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 89,742	\$	\$
Due to other funds		31,150	
Total liabilities	89,742	31,150	
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	1,333,587	29,062	155,193
Unassigned			
Total fund balances	1,333,587	29,062	155,193
 Total liabilities, deferred inflows of resources and fund balances	 \$ 1,423,329	 \$ 60,212	 \$ 155,193

<u>Gifts and Donations</u>	<u>Textbooks</u>	<u>Litigation Recovery</u>	<u>Student Activities</u>	<u>Totals</u>
\$	\$ 3,443	\$ 989	\$	\$ 170,128
				60,212
				758,349
117,502			67,694	2,772,937
<u>\$ 117,502</u>	<u>\$ 3,443</u>	<u>\$ 989</u>	<u>\$ 67,694</u>	<u>\$ 3,761,626</u>
\$ 2,227	\$	\$	\$	\$ 165,228
				406,923
<u>2,227</u>				<u>572,151</u>
				<u>254,634</u>
115,275	3,443	989	67,694	3,178,673
				(243,832)
<u>115,275</u>	<u>3,443</u>	<u>989</u>	<u>67,694</u>	<u>2,934,841</u>
<u>\$ 117,502</u>	<u>\$ 3,443</u>	<u>\$ 989</u>	<u>\$ 67,694</u>	<u>\$ 3,761,626</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Classroom Site	Instructional Improvement	Title I Grants
Revenues:			
Other local	\$ 13,678	\$	\$
State aid and grants	2,341,518	204,144	
Federal aid, grants and reimbursements			2,713,807
Total revenues	2,355,196	204,144	2,713,807
Expenditures:			
Current -			
Instruction	1,583,718	102,072	897,585
Support services - students and staff	913,851	83,306	1,434,612
Support services - administration			310,689
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			59,973
Total expenditures	2,497,569	185,378	2,702,859
Excess (deficiency) of revenues over expenditures	(142,373)	18,766	10,948
Other financing sources (uses):			
Transfers out			(130,226)
Total other financing sources (uses)			(130,226)
Changes in fund balances	(142,373)	18,766	(119,278)
Fund balances (deficits), beginning of year	1,125,806	76,130	(47,926)
Fund balances (deficits), end of year	\$ 983,433	\$ 94,896	\$ (167,204)

Professional Development and Technology Grants	Limited English and Immigrant Students	Special Education Grants	E-Rate	Results-based Funding	Other State Projects
\$	\$	\$	\$	\$	\$
282,991	494,049	842,943	225,875	546,948	770,727
<u>282,991</u>	<u>494,049</u>	<u>842,943</u>	<u>225,875</u>	<u>546,948</u>	<u>770,727</u>
1	315,969	398,301	176,409	385,286	415,565
2,387	38,949	325,854		30,792	372,714
979		2,828	38,444	12,904	
		36,620			1,154
		93,885	11,022		1,000
<u>3,367</u>	<u>354,918</u>	<u>857,488</u>	<u>225,875</u>	<u>428,982</u>	<u>790,433</u>
<u>279,624</u>	<u>139,131</u>	<u>(14,545)</u>		<u>117,966</u>	<u>(19,706)</u>
(282,988)	(16,725)	(41,825)			
<u>(282,988)</u>	<u>(16,725)</u>	<u>(41,825)</u>			
<u>(3,364)</u>	<u>122,406</u>	<u>(56,370)</u>		<u>117,966</u>	<u>(19,706)</u>
	(134,008)	(5,292)		106,849	189,992
<u>\$ (3,364)</u>	<u>\$ (11,602)</u>	<u>\$ (61,662)</u>	<u>\$</u>	<u>\$ 224,815</u>	<u>\$ 170,286</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Food Service</u>	<u>Civic Center</u>	<u>Extracurricular Activities Fees Tax Credit</u>
Revenues:			
Other local	\$ 16,402	\$ 60,211	\$ 6,750
State aid and grants			
Federal aid, grants and reimbursements	4,731,057		
Total revenues	<u>4,747,459</u>	<u>60,211</u>	<u>6,750</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			100
Support services - administration			
Operation and maintenance of plant services		60,211	
Student transportation services			
Operation of non-instructional services	3,655,177		
Capital outlay	43,900		
Total expenditures	<u>3,699,077</u>	<u>60,211</u>	<u>100</u>
Excess (deficiency) of revenues over expenditures	<u>1,048,382</u>	<u> </u>	<u>6,650</u>
Other financing sources (uses):			
Transfers out	(503,454)		
Total other financing sources (uses)	<u>(503,454)</u>	<u> </u>	<u> </u>
Changes in fund balances	<u>544,928</u>	<u> </u>	<u>6,650</u>
Fund balances (deficits), beginning of year	788,659	29,062	148,543
Fund balances, end of year	<u>\$ 1,333,587</u>	<u>\$ 29,062</u>	<u>\$ 155,193</u>

<u>Gifts and Donations</u>	<u>Textbooks</u>	<u>Litigation Recovery</u>	<u>Student Activities</u>	<u>Totals</u>
\$ 84,250	\$ 23	\$	\$ 7,116	\$ 188,430
				3,863,337
				9,290,722
<u>84,250</u>	<u>23</u>		<u>7,116</u>	<u>13,342,489</u>
26,195			38,924	4,340,025
5,657				3,208,222
9,102				374,946
				61,365
				36,620
				3,655,177
				209,780
<u>40,954</u>			<u>38,924</u>	<u>11,886,135</u>
<u>43,296</u>	<u>23</u>		<u>(31,808)</u>	<u>1,456,354</u>
				(975,218)
				(975,218)
<u>43,296</u>	<u>23</u>		<u>(31,808)</u>	<u>481,136</u>
71,979	3,420	989	99,502	2,453,705
<u>\$ 115,275</u>	<u>\$ 3,443</u>	<u>\$ 989</u>	<u>\$ 67,694</u>	<u>\$ 2,934,841</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 13,678	\$ 13,678
State aid and grants		2,341,518	2,341,518
Federal aid, grants and reimbursements			
Total revenues		<u>2,355,196</u>	<u>2,355,196</u>
Expenditures:			
Current -			
Instruction	2,613,738	1,583,718	1,030,020
Support services - students and staff	861,171	913,851	(52,680)
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>3,474,909</u>	<u>2,497,569</u>	<u>977,340</u>
Excess (deficiency) of revenues over expenditures	<u>(3,474,909)</u>	<u>(142,373)</u>	<u>3,332,536</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(3,474,909)</u>	<u>(142,373)</u>	<u>3,332,536</u>
Fund balances (deficits), beginning of year		1,125,806	1,125,806
Fund balances (deficits), end of year	<u>\$ (3,474,909)</u>	<u>\$ 983,433</u>	<u>\$ 4,458,342</u>

Instructional Improvement			Title I Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	204,144	204,144		2,713,807	2,713,807
	<u>204,144</u>	<u>204,144</u>		<u>2,713,807</u>	<u>2,713,807</u>
250,000	102,072	147,928		897,585	(897,585)
	83,306	(83,306)	2,997,046	1,434,612	1,562,434
				310,689	(310,689)
				59,973	(59,973)
<u>250,000</u>	<u>185,378</u>	<u>64,622</u>	<u>2,997,046</u>	<u>2,702,859</u>	<u>294,187</u>
<u>(250,000)</u>	<u>18,766</u>	<u>268,766</u>	<u>(2,997,046)</u>	<u>10,948</u>	<u>3,007,994</u>
				(130,226)	(130,226)
				(130,226)	(130,226)
<u>(250,000)</u>	<u>18,766</u>	<u>268,766</u>	<u>(2,997,046)</u>	<u>(119,278)</u>	<u>2,877,768</u>
	76,130	76,130		(47,926)	(47,926)
<u>\$ (250,000)</u>	<u>\$ 94,896</u>	<u>\$ 344,896</u>	<u>\$ (2,997,046)</u>	<u>\$ (167,204)</u>	<u>\$ 2,829,842</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		282,991	282,991
Total revenues		282,991	282,991
Expenditures:			
Current -			
Instruction		1	(1)
Support services - students and staff	312,975	2,387	310,588
Support services - administration		979	(979)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	312,975	3,367	309,608
Excess (deficiency) of revenues over expenditures	(312,975)	279,624	592,599
Other financing sources (uses):			
Transfers in			
Transfers out		(282,988)	(282,988)
Total other financing sources (uses)		(282,988)	(282,988)
Changes in fund balances	(312,975)	(3,364)	309,611
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	\$ (312,975)	\$ (3,364)	\$ 309,611

Limited English and Immigrant Students			Special Education Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	494,049	494,049		842,943	842,943
	494,049	494,049		842,943	842,943
536,687	315,969	220,718	1,138,209	398,301	739,908
	38,949	(38,949)		325,854	(325,854)
				2,828	(2,828)
				36,620	(36,620)
				93,885	(93,885)
536,687	354,918	181,769	1,138,209	857,488	280,721
(536,687)	139,131	675,818	(1,138,209)	(14,545)	1,123,664
	(16,725)	(16,725)		(41,825)	(41,825)
	(16,725)	(16,725)		(41,825)	(41,825)
(536,687)	122,406	659,093	(1,138,209)	(56,370)	1,081,839
	(134,008)	(134,008)		(5,292)	(5,292)
\$ (536,687)	\$ (11,602)	\$ 525,085	\$ (1,138,209)	\$ (61,662)	\$ 1,076,547

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		225,875	225,875
Total revenues		<u>225,875</u>	<u>225,875</u>
Expenditures:			
Current -			
Instruction	150,000	176,409	(26,409)
Support services - students and staff			
Support services - administration		38,444	(38,444)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay		11,022	(11,022)
Total expenditures	<u>150,000</u>	<u>225,875</u>	<u>(75,875)</u>
Excess (deficiency) of revenues over expenditures	<u>(150,000)</u>		<u>150,000</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(150,000)</u>		<u>150,000</u>
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	<u>\$ (150,000)</u>	<u>\$</u>	<u>\$ 150,000</u>

Gifted			Results-based Funding		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
				546,948	546,948
				546,948	546,948
3,850		3,850		385,286	(385,286)
				30,792	(30,792)
				12,904	(12,904)
3,850		3,850		428,982	(428,982)
(3,850)		3,850		117,966	117,966
(3,850)		3,850		117,966	117,966
				106,849	106,849
\$ (3,850)	\$	\$ 3,850	\$	\$ 224,815	\$ 224,815

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Rural Assistance		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances			
Fund balances (deficits), beginning of year		57,527	57,527
Fund balances (deficits), end of year	\$	\$ 57,527	\$ 57,527

Other State Projects			School Plant		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	770,727	770,727			
	<u>770,727</u>	<u>770,727</u>			
970,264	415,565	554,699	20,466	11,161	9,305
	372,714	(372,714)		1,395	(1,395)
	1,154	(1,154)			
	1,000	(1,000)			
<u>970,264</u>	<u>790,433</u>	<u>179,831</u>	<u>20,466</u>	<u>12,556</u>	<u>7,910</u>
<u>(970,264)</u>	<u>(19,706)</u>	<u>950,558</u>	<u>(20,466)</u>	<u>(12,556)</u>	<u>7,910</u>
<u>(970,264)</u>	<u>(19,706)</u>	<u>950,558</u>	<u>(20,466)</u>	<u>(12,556)</u>	<u>7,910</u>
	189,992	189,992		30,367	30,367
<u>\$ (970,264)</u>	<u>\$ 170,286</u>	<u>\$ 1,140,550</u>	<u>\$ (20,466)</u>	<u>\$ 17,811</u>	<u>\$ 38,277</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Food Service		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 16,402	\$ 16,402
State aid and grants			
Federal aid, grants and reimbursements		4,731,057	4,731,057
Total revenues		<u>4,747,459</u>	<u>4,747,459</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services	3,717,259	3,655,177	62,082
Capital outlay		43,900	(43,900)
Total expenditures	<u>3,717,259</u>	<u>3,699,077</u>	<u>18,182</u>
Excess (deficiency) of revenues over expenditures	<u>(3,717,259)</u>	<u>1,048,382</u>	<u>4,765,641</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(503,454)	(503,454)
Total other financing sources (uses)		<u>(503,454)</u>	<u>(503,454)</u>
Changes in fund balances	<u>(3,717,259)</u>	<u>544,928</u>	<u>4,262,187</u>
Fund balances (deficits), beginning of year		788,659	788,659
Fund balances (deficits), end of year	<u>\$ (3,717,259)</u>	<u>\$ 1,333,587</u>	<u>\$ 5,050,846</u>

Civic Center			Extracurricular Activities Fees Tax Credit		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 60,211	\$ 60,211	\$	\$ 6,750	\$ 6,750
	<u>60,211</u>	<u>60,211</u>		<u>6,750</u>	<u>6,750</u>
			26,000	100	25,900
43,648	60,211	(16,563)			
<u>43,648</u>	<u>60,211</u>	<u>(16,563)</u>	<u>26,000</u>	<u>100</u>	<u>25,900</u>
<u>(43,648)</u>		<u>43,648</u>	<u>(26,000)</u>	<u>6,650</u>	<u>32,650</u>
<u>(43,648)</u>		<u>43,648</u>	<u>(26,000)</u>	<u>6,650</u>	<u>32,650</u>
	29,062	29,062		148,543	148,543
<u>\$ (43,648)</u>	<u>\$ 29,062</u>	<u>\$ 72,710</u>	<u>\$ (26,000)</u>	<u>\$ 155,193</u>	<u>\$ 181,193</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Gifts and Donations		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 84,250	\$ 84,250
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	36,635	84,250	84,250
Expenditures:			
Current -			
Instruction	36,635	26,195	10,440
Support services - students and staff		5,657	(5,657)
Support services - administration		9,102	(9,102)
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	36,635	40,954	(4,319)
Excess (deficiency) of revenues over expenditures	(36,635)	43,296	79,931
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(36,635)	43,296	79,931
Fund balances (deficits), beginning of year		71,979	71,979
Fund balances (deficits), end of year	\$ (36,635)	\$ 115,275	\$ 151,910

Insurance Proceeds			Textbooks		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 80	\$ 80	\$	\$ 23	\$ 23
	<u>80</u>	<u>80</u>		<u>23</u>	<u>23</u>
3,000		3,000	1,740		1,740
<u>3,000</u>		<u>3,000</u>	<u>1,740</u>		<u>1,740</u>
<u>(3,000)</u>	<u>80</u>	<u>3,080</u>	<u>(1,740)</u>	<u>23</u>	<u>1,763</u>
<u>(3,000)</u>	<u>80</u>	<u>3,080</u>	<u>(1,740)</u>	<u>23</u>	<u>1,763</u>
				3,420	3,420
<u>\$ (3,000)</u>	<u>\$ 80</u>	<u>\$ 3,080</u>	<u>\$ (1,740)</u>	<u>\$ 3,443</u>	<u>\$ 5,183</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Litigation Recovery		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction	1,000		1,000
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	1,000		1,000
Excess (deficiency) of revenues over expenditures	(1,000)		1,000
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(1,000)		1,000
Fund balances (deficits), beginning of year		989	989
Fund balances (deficits), end of year	\$ (1,000)	\$ 989	\$ 1,989

Indirect Costs			Advertisement		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 213	\$ 213	\$	\$	\$
	213	213			
684,457	1,342	(1,342)	24,000		24,000
	258,959	425,498			
	234,173	(234,173)			
	5,433	(5,433)			
<u>684,457</u>	<u>499,907</u>	<u>184,550</u>	<u>24,000</u>		<u>24,000</u>
<u>(684,457)</u>	<u>(499,694)</u>	<u>184,763</u>	<u>(24,000)</u>		<u>24,000</u>
	750,032	750,032			
	<u>750,032</u>	<u>750,032</u>			
<u>(684,457)</u>	<u>250,338</u>	<u>934,795</u>	<u>(24,000)</u>		<u>24,000</u>
	329,959	329,959		25,347	25,347
<u>\$ (684,457)</u>	<u>\$ 580,297</u>	<u>\$ 1,264,754</u>	<u>\$ (24,000)</u>	<u>\$ 25,347</u>	<u>\$ 49,347</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Student Activities		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 7,116	\$ 7,116
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u> </u>	<u> 7,116</u>	<u> 7,116</u>
Expenditures:			
Current -			
Instruction	50,000	38,924	11,076
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u> 50,000</u>	<u> 38,924</u>	<u> 11,076</u>
Excess (deficiency) of revenues over expenditures	<u> (50,000)</u>	<u> (31,808)</u>	<u> 18,192</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>
Changes in fund balances	<u> (50,000)</u>	<u> (31,808)</u>	<u> 18,192</u>
Fund balances (deficits), beginning of year		99,502	99,502
Fund balances (deficits), end of year	<u> \$ (50,000)</u>	<u> \$ 67,694</u>	<u> \$ 117,694</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 188,723	\$ 188,723
	3,863,337	3,863,337
	9,290,722	9,290,722
	<u>13,342,782</u>	<u>13,342,782</u>
5,799,589	4,352,528	1,447,061
4,881,649	3,467,181	1,414,468
	610,514	(610,514)
43,648	61,365	(17,717)
	42,053	(42,053)
3,717,259	3,655,177	62,082
	209,780	(209,780)
<u>14,442,145</u>	<u>12,398,598</u>	<u>2,043,547</u>
<u>(14,442,145)</u>	<u>944,184</u>	<u>15,386,329</u>
	750,032	750,032
	(975,218)	(975,218)
	<u>(225,186)</u>	<u>(225,186)</u>
<u>(14,442,145)</u>	<u>718,998</u>	<u>15,161,143</u>
	2,896,905	2,896,905
<u>\$ (14,442,145)</u>	<u>\$ 3,615,903</u>	<u>\$ 18,058,048</u>

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DEBT SERVICE FUND

Debt Service - to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 70	\$ 70
Property taxes			688,532	688,532
Total revenues			<u>688,602</u>	<u>688,602</u>
Expenditures:				
Debt service -				
Principal retirement	475,000	475,000	475,000	
Interest and fiscal charges	238,250	238,900	239,200	(300)
Total expenditures	<u>713,250</u>	<u>713,900</u>	<u>714,200</u>	<u>(300)</u>
Excess (deficiency) of revenues over expenditures	<u>(713,250)</u>	<u>(713,900)</u>	<u>(25,598)</u>	<u>688,302</u>
Other financing sources (uses):				
Transfers in			1,927	1,927
Total other financing sources (uses)			<u>1,927</u>	<u>1,927</u>
Changes in fund balances	<u>(713,250)</u>	<u>(713,900)</u>	<u>(23,671)</u>	<u>690,229</u>
Fund balances, beginning of year			80,393	80,393
Fund balances (deficits), end of year	<u>\$ (713,250)</u>	<u>\$ (713,900)</u>	<u>\$ 56,722</u>	<u>\$ 770,622</u>

CAPITAL PROJECTS FUNDS

Unrestricted Capital Outlay - to account for transactions relating to the acquisition of capital items.

Adjacent Ways - to account for monies received to finance improvements of public ways adjacent to school property.

Bond Building - to account for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Energy and Water Savings - to account for capital investment monies, energy related rebate, or grant monies, and monies from other funding sources to fund energy or water savings projects in school facilities in accordance with A.R.S. §15-910.02.

Building Renewal Grant - to account for building renewal grant monies requested from the School Facilities Board that are used for infrastructure or major upgrades, repairs, or renovations to areas, systems, or buildings that will maintain or extend their useful life.

New School Facilities - to account for monies received from the School Facilities Board to be used for constructing new school facilities and purchasing land for new school sites.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Bond Building</u>
<u>ASSETS</u>			
Cash and investments	\$	\$ 53,627	\$ 889,979
Property taxes receivable	6,721	38,264	
Due from governmental entities	251,369		
Due from other funds	910,768	354,416	
Total assets	<u>\$ 1,168,858</u>	<u>\$ 446,307</u>	<u>\$ 889,979</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 33,361	\$	\$
Total liabilities	<u>33,361</u>	<u></u>	<u></u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	5,817	33,101	
Fund balances:			
Restricted	1,129,680	413,206	889,979
Total fund balances	<u>1,129,680</u>	<u>413,206</u>	<u>889,979</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 1,168,858</u>	 <u>\$ 446,307</u>	 <u>\$ 889,979</u>

<u>Building Renewal Grant</u>	<u>New School Facilities</u>	<u>Totals</u>
\$ 594	\$ 2	\$ 944,202
		44,985
		251,369
		<u>1,265,184</u>
<u>\$ 594</u>	<u>\$ 2</u>	<u>\$ 2,505,740</u>
<u>\$</u>	<u>\$</u>	<u>\$ 33,361</u>
		<u>33,361</u>
		<u>38,918</u>
<u>594</u>	<u>2</u>	<u>2,433,461</u>
<u>594</u>	<u>2</u>	<u>2,433,461</u>
<u>\$ 594</u>	<u>\$ 2</u>	<u>\$ 2,505,740</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Unrestricted Capital Outlay</u>	<u>Adjacent Ways</u>	<u>Bond Building</u>
Revenues:			
Other local	\$ 35,494	\$ 1,251	\$ 1,927
Property taxes	64,677	369,240	
State aid and grants	1,295,373		
Total revenues	<u>1,395,544</u>	<u>370,491</u>	<u>1,927</u>
Expenditures:			
Capital outlay	368,332	783	2,022,348
Debt service -			
Principal retirement	192,103		
Interest and fiscal charges	112,897		
Total expenditures	<u>673,332</u>	<u>783</u>	<u>2,022,348</u>
Excess (deficiency) of revenues over expenditures	<u>722,212</u>	<u>369,708</u>	<u>(2,020,421)</u>
Other financing sources (uses):			
Transfers in			
Transfers out			(1,927)
Total other financing sources (uses)			<u>(1,927)</u>
Changes in fund balances	<u>722,212</u>	<u>369,708</u>	<u>(2,022,348)</u>
Fund balances (deficits), beginning of year	407,468	43,498	2,912,327
Fund balances, end of year	<u>\$ 1,129,680</u>	<u>\$ 413,206</u>	<u>\$ 889,979</u>

<u>Energy and Water Savings</u>	<u>Building Renewal Grant</u>	<u>New School Facilities</u>	<u>Totals</u>
\$	\$ 103	\$	\$ 38,775
	153,579		433,917
	<u>153,682</u>		<u>1,448,952</u>
			<u>1,921,644</u>
305,000	108,971		2,805,434
			192,103
			112,897
<u>305,000</u>	<u>108,971</u>		<u>3,110,434</u>
<u>(305,000)</u>	<u>44,711</u>		<u>(1,188,790)</u>
305,000			305,000
			(1,927)
<u>305,000</u>			<u>303,073</u>
	44,711		(885,717)
	(44,117)	2	3,319,178
<u>\$</u>	<u>\$ 594</u>	<u>\$ 2</u>	<u>\$ 2,433,461</u>

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 35,494	\$ 35,494
Property taxes		64,677	64,677
State aid and grants		1,295,373	1,295,373
Total revenues		1,395,544	1,395,544
Expenditures:			
Capital outlay	1,498,006	368,332	1,129,674
Debt service -			
Principal retirement	192,103	192,103	
Interest and fiscal charges	112,897	112,897	
Total expenditures	1,803,006	673,332	1,129,674
Excess (deficiency) of revenues over expenditures	(1,803,006)	722,212	2,525,218
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(1,803,006)	722,212	2,525,218
Fund balances (deficits), beginning of year		407,468	407,468
Fund balances (deficits), end of year	\$ (1,803,006)	\$ 1,129,680	\$ 2,932,686

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,251 369,240	\$ 1,251 369,240	\$	\$ 1,927	\$ 1,927
	<u>370,491</u>	<u>370,491</u>		<u>1,927</u>	<u>1,927</u>
503,091	783	502,308	2,912,327	2,022,348	889,979
<u>503,091</u>	<u>783</u>	<u>502,308</u>	<u>2,912,327</u>	<u>2,022,348</u>	<u>889,979</u>
<u>(503,091)</u>	<u>369,708</u>	<u>872,799</u>	<u>(2,912,327)</u>	<u>(2,020,421)</u>	<u>891,906</u>
				(1,927)	(1,927)
				<u>(1,927)</u>	<u>(1,927)</u>
<u>(503,091)</u>	<u>369,708</u>	<u>872,799</u>	<u>(2,912,327)</u>	<u>(2,022,348)</u>	<u>889,979</u>
	43,498	43,498		2,912,327	2,912,327
<u>\$ (503,091)</u>	<u>\$ 413,206</u>	<u>\$ 916,297</u>	<u>\$ (2,912,327)</u>	<u>\$ 889,979</u>	<u>\$ 3,802,306</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	Energy and Water Savings		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
Property taxes			
State aid and grants			
Total revenues			
Expenditures:			
Capital outlay	305,000	305,000	
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	305,000	305,000	
Excess (deficiency) of revenues over expenditures	(305,000)	(305,000)	
Other financing sources (uses):			
Transfers in		305,000	305,000
Transfers out			
Total other financing sources (uses)		305,000	305,000
Changes in fund balances	(305,000)		305,000
Fund balances (deficits), beginning of year			
Fund balances (deficits), end of year	\$ (305,000)	\$	\$ 305,000

Building Renewal Grant			New School Facilities		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 103	\$ 103	\$	\$	\$
	153,579	153,579			
	153,682	153,682			
1,653,511	108,971	1,544,540			
1,653,511	108,971	1,544,540			
(1,653,511)	44,711	1,698,222			
(1,653,511)	44,711	1,698,222			
	(44,117)	(44,117)		2	2
\$ (1,653,511)	\$ 594	\$ 1,654,105	\$	\$ 2	\$ 2

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	Totals		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 38,775	\$ 38,775
Property taxes		433,917	433,917
State aid and grants		1,448,952	1,448,952
Total revenues		<u>1,921,644</u>	<u>1,921,644</u>
Expenditures:			
Capital outlay	6,871,935	2,805,434	4,066,501
Debt service -			
Principal retirement	192,103	192,103	
Interest and fiscal charges	112,897	112,897	
Total expenditures	<u>7,176,935</u>	<u>3,110,434</u>	<u>4,066,501</u>
Excess (deficiency) of revenues over expenditures	<u>(7,176,935)</u>	<u>(1,188,790)</u>	<u>5,988,145</u>
Other financing sources (uses):			
Transfers in		305,000	305,000
Transfers out		(1,927)	(1,927)
Total other financing sources (uses)		<u>303,073</u>	<u>303,073</u>
Changes in fund balances	<u>(7,176,935)</u>	<u>(885,717)</u>	<u>6,291,218</u>
Fund balances (deficits), beginning of year		3,319,178	3,319,178
Fund balances (deficits), end of year	<u>\$ (7,176,935)</u>	<u>\$ 2,433,461</u>	<u>\$ 9,610,396</u>

STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Position:					
Net investment in capital assets	\$ 30,185,296	\$ 30,716,005	\$ 31,467,837	\$ 30,490,064	\$ 31,428,386
Restricted	5,006,157	3,265,707	3,582,350	3,975,986	3,790,915
Unrestricted	(24,646,073)	(25,426,594)	(26,491,379)	(28,369,201)	(27,989,559)
Total net position	\$ 10,545,380	\$ 8,555,118	\$ 8,558,808	\$ 6,096,849	\$ 7,229,742
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position:					
Net investment in capital assets	\$ 32,339,293	\$ 33,256,504	\$ 34,676,218	\$ 36,199,333	\$ 37,790,510
Restricted	4,256,828	6,584,784	3,875,180	3,512,106	3,022,167
Unrestricted	(29,921,184)	(33,565,228)	1,176,937	1,151,679	2,381,875
Total net position	\$ 6,674,937	\$ 6,276,060	\$ 39,728,335	\$ 40,863,118	\$ 43,194,552

Source: The source of this information is the District's financial records.

Note: Negative unrestricted net position was due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 in fiscal year 2014-15.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenses					
Instruction	\$ 22,634,806	\$ 22,043,164	\$ 19,536,159	\$ 19,302,245	\$ 19,656,263
Support services - students and staff	7,512,345	6,193,187	5,851,079	5,660,073	5,841,770
Support services - administration	5,959,727	5,654,655	4,845,946	4,727,937	4,565,808
Operation and maintenance of plant services	4,471,493	4,453,132	4,471,859	4,061,569	3,692,687
Student transportation services	1,884,195	1,961,168	1,740,757	1,729,496	1,616,973
Operation of non-instructional services	3,939,448	4,067,677	4,062,937	3,666,089	3,778,866
Interest on long-term debt	315,372	294,768	281,277	303,463	322,181
Total expenses	<u>46,717,386</u>	<u>44,667,751</u>	<u>40,790,014</u>	<u>39,450,872</u>	<u>39,474,548</u>
Program Revenues					
Charges for services:					
Instruction	33,881	233,033	35,397	7,912	27,756
Operation of non-instructional services	16,402	159,083	136,688	111,233	86,748
Other activities	60,211	58,084	71,688	49,863	34,545
Operating grants and contributions	12,997,942	9,764,069	9,400,444	9,307,194	9,739,207
Capital grants and contributions	2,264,082	1,172,606	841,452	4,440	35,936
Total program revenues	<u>15,372,518</u>	<u>11,386,875</u>	<u>10,485,669</u>	<u>9,480,642</u>	<u>9,924,192</u>
Net (Expense)/Revenue	<u>\$ (31,344,868)</u>	<u>\$ (33,280,876)</u>	<u>\$ (30,304,345)</u>	<u>\$ (29,970,230)</u>	<u>\$ (29,550,356)</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Instruction	\$ 18,971,594	\$ 19,939,178	\$ 19,342,748	\$ 20,189,392	\$ 19,382,517
Support services - students and staff	5,473,798	5,893,916	6,424,973	6,299,240	6,048,691
Support services - administration	4,934,827	4,813,832	4,481,089	4,482,150	4,269,890
Operation and maintenance of plant services	4,046,415	4,018,776	3,710,104	4,202,387	4,931,569
Student transportation services	1,443,631	1,599,192	1,468,667	1,535,485	1,450,006
Operation of non-instructional services	3,626,073	3,301,187	2,933,475	2,914,038	2,757,803
Interest on long-term debt	139,385	9,225	18,175	25,075	32,170
Total expenses	<u>38,635,723</u>	<u>39,575,306</u>	<u>38,379,231</u>	<u>39,647,767</u>	<u>38,872,646</u>
Program Revenues					
Charges for services:					
Instruction	28,327	13,491	46,522	12,644	23,949
Operation of non-instructional services	80,789	80,573	99,277	112,420	113,664
Other activities	45,438	43,578	47,595	40,909	65,140
Operating grants and contributions	10,254,603	10,311,314	11,095,324	11,232,248	12,371,830
Capital grants and contributions	364,506	79,662	190,567	814,489	468,603
Total program revenues	<u>10,773,663</u>	<u>10,528,618</u>	<u>11,479,285</u>	<u>12,212,710</u>	<u>13,043,186</u>
Net (Expense)/Revenue	<u>\$ (27,862,060)</u>	<u>\$ (29,046,688)</u>	<u>\$ (26,899,946)</u>	<u>\$ (27,435,057)</u>	<u>\$ (25,829,460)</u>

Source: The source of this information is the District's financial records.

(Concluded)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net (Expense)/Revenue	\$ (31,344,868)	\$ (33,280,876)	\$ (30,304,345)	\$ (29,970,230)	\$ (29,550,356)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	1,421,730	1,314,978	1,208,605	1,121,816	1,361,166
Property taxes, levied for debt service	696,979	782,322	1,127,766	1,087,395	947,311
Property taxes, levied for capital outlay	439,748	404,248	391,551	277,093	272,924
Investment income	39,947	84,377	71,075	58,853	48,350
Unrestricted county aid	931,946	867,011	954,965	988,504	1,021,451
Unrestricted state aid	29,804,780	29,778,241	29,012,342	26,970,021	26,453,969
Total general revenues	33,335,130	33,231,177	32,766,304	30,503,682	30,105,171
Changes in Net Position	\$ 1,990,262	\$ (49,699)	\$ 2,461,959	\$ 533,452	\$ 554,815

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense)/Revenue	\$ (27,862,060)	\$ (29,046,688)	\$ (26,899,946)	\$ (27,435,057)	\$ (25,829,460)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	1,106,689	1,036,462	885,556	1,130,793	496,862
Property taxes, levied for debt service	4,272	128,358	121,578	120,711	118,281
Property taxes, levied for capital outlay	8	916	27,455	7,197	191,242
Investment income	23,942	21,651	17,312	29,362	15,657
Unrestricted county aid	1,044,488	1,085,184	1,033,388	997,361	896,224
Unrestricted state aid	26,081,538	25,634,028	23,679,874	22,802,804	21,768,490
Unrestricted federal aid		4,447		15,395	45,830
Total general revenues	<u>28,260,937</u>	<u>27,911,046</u>	<u>25,765,163</u>	<u>25,103,623</u>	<u>23,532,586</u>
Changes in Net Position	<u>\$ 398,877</u>	<u>\$ (1,135,642)</u>	<u>\$ (1,134,783)</u>	<u>\$ (2,331,434)</u>	<u>\$ (2,296,874)</u>

Source: The source of this information is the District's financial records.

(Concluded)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund:					
Unassigned	\$ 3,569,775	\$ 2,830,315	\$ 1,861,510	\$ 1,458,253	\$ 1,517,220
Total General Fund	<u>\$ 3,569,775</u>	<u>\$ 2,830,315</u>	<u>\$ 1,861,510</u>	<u>\$ 1,458,253</u>	<u>\$ 1,517,220</u>
All Other Governmental Funds:					
Restricted	\$ 5,668,856	\$ 6,084,619	\$ 3,629,122	\$ 4,043,773	\$ 4,397,717
Unassigned	(964,095)	(1,264,459)	(133,491)	(116,605)	
Total all other governmental funds	<u>\$ 4,704,761</u>	<u>\$ 4,820,160</u>	<u>\$ 3,495,631</u>	<u>\$ 3,927,168</u>	<u>\$ 4,397,717</u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:					
Nonspendable	\$	\$ 162,958	\$ 243,887	\$	\$
Unassigned	1,484,299	1,203,060	1,018,831	1,195,713	1,370,577
Total General Fund	<u>\$ 1,484,299</u>	<u>\$ 1,366,018</u>	<u>\$ 1,262,718</u>	<u>\$ 1,195,713</u>	<u>\$ 1,370,577</u>
All Other Governmental Funds:					
Nonspendable	\$	\$	\$	\$	\$
Restricted	11,600,429	6,576,807	3,668,439	3,509,717	3,022,167
Unassigned	(55,783)				
Total all other governmental funds	<u>\$ 11,544,646</u>	<u>\$ 6,576,807</u>	<u>\$ 3,668,439</u>	<u>\$ 3,509,717</u>	<u>\$ 3,022,167</u>

Source: The source of this information is the District's financial records.

(Concluded)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Federal sources:					
Federal grants	\$ 8,454,122	\$ 5,252,774	\$ 5,240,488	\$ 5,126,024	\$ 5,299,250
National School Lunch Program	4,731,057	4,023,554	3,936,434	3,608,345	4,314,989
Total federal sources	<u>13,185,179</u>	<u>9,276,328</u>	<u>9,176,922</u>	<u>8,734,369</u>	<u>9,614,239</u>
State sources:					
State equalization assistance	27,259,118	27,088,880	26,341,623	24,421,350	24,293,581
State grants	1,317,675	720,310	999,088	388,135	87,662
School Facilities Board	153,579	458,667			
Other revenues	2,545,662	2,689,361	2,670,719	2,491,144	2,160,388
Total state sources	<u>31,276,034</u>	<u>30,957,218</u>	<u>30,011,430</u>	<u>27,300,629</u>	<u>26,541,631</u>
Local sources:					
Property taxes	2,524,460	2,477,318	2,674,562	2,478,458	2,496,115
County aid	931,946	867,011	954,965	988,504	1,021,451
Food service sales	2,592	159,083	128,786	110,833	86,748
Investment income	39,947	84,377	71,075	58,853	48,350
Other revenues	198,902	336,887	213,084	139,130	135,543
Total local sources	<u>3,697,847</u>	<u>3,924,676</u>	<u>4,042,472</u>	<u>3,775,778</u>	<u>3,788,207</u>
Total revenues	<u><u>\$ 48,159,060</u></u>	<u><u>\$ 44,158,222</u></u>	<u><u>\$ 43,230,824</u></u>	<u><u>\$ 39,810,776</u></u>	<u><u>\$ 39,944,077</u></u>

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Federal sources:					
Federal grants	\$ 5,946,935	\$ 6,883,491	\$ 7,570,686	\$ 8,760,039	\$ 9,674,481
Education Jobs					13,204
National School Lunch Program	3,920,985	3,368,601	3,212,392	2,977,234	2,922,857
Total federal sources	<u>9,867,920</u>	<u>10,252,092</u>	<u>10,783,078</u>	<u>11,737,273</u>	<u>12,610,542</u>
State sources:					
State equalization assistance	23,945,112	23,320,490	21,692,796	21,225,737	20,447,707
State grants	147,881	258,021	252,001	245,673	227,284
School Facilities Board		381,621	7,131		
Other revenues	2,136,426	1,931,917	1,979,947	1,577,067	1,320,783
Total state sources	<u>26,229,419</u>	<u>25,892,049</u>	<u>23,931,875</u>	<u>23,048,477</u>	<u>21,995,774</u>
Local sources:					
Property taxes	1,147,772	1,112,820	1,013,612	1,230,879	1,123,039
County aid	1,044,488	1,085,184	1,033,388	997,361	896,224
Food service sales	80,789	80,573	99,277	101,711	103,280
Investment income	23,942	21,651	17,312	29,362	15,652
Other revenues	653,073	144,775	142,533	143,448	147,910
Total local sources	<u>2,950,064</u>	<u>2,445,003</u>	<u>2,306,122</u>	<u>2,502,761</u>	<u>2,286,105</u>
Total revenues	<u>\$ 39,047,403</u>	<u>\$ 38,589,144</u>	<u>\$ 37,021,075</u>	<u>\$ 37,288,511</u>	<u>\$ 36,892,421</u>

Source: The source of this information is the District's financial records.

(Concluded)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenditures:					
Current -					
Instruction	\$ 20,015,813	\$ 19,692,564	\$ 19,245,397	\$ 18,509,341	\$ 18,184,279
Support services - students and staff	7,156,609	6,037,571	6,098,086	5,820,601	5,780,707
Support services - administration	5,348,422	5,390,165	4,926,590	4,688,703	4,571,493
Operation and maintenance of plant services	3,992,259	4,078,115	4,166,285	3,718,802	3,455,138
Student transportation services	1,247,620	1,424,031	1,472,913	1,486,543	1,429,417
Operation of non-instructional services	3,784,217	3,939,735	4,033,527	3,598,279	3,745,023
Capital outlay	4,970,859	3,038,693	1,935,806	1,167,723	9,108,281
Debt service -					
Interest and fiscal charges	352,097	331,493	300,078	322,264	340,982
Principal retirement	667,103	775,797	1,080,422	1,028,036	1,067,765
Bond issuance costs		114,517			
Total expenditures	<u>\$ 47,534,999</u>	<u>\$ 44,822,681</u>	<u>\$ 43,259,104</u>	<u>\$ 40,340,292</u>	<u>\$ 47,683,085</u>
Expenditures for capitalized assets	\$ 2,414,713	\$ 1,108,503	\$ 791,903	\$ 100,498	\$ 7,897,431
Debt service as a percentage of noncapital expenditures	2%	3%	3%	3%	4%

(Continued)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenditures:					
Current -					
Instruction	\$ 17,535,646	\$ 18,438,060	\$ 17,616,052	\$ 17,387,814	\$ 17,423,460
Support services - students and staff	5,425,592	5,851,678	6,275,420	5,953,231	5,883,482
Support services - administration	5,025,996	4,731,031	4,369,764	4,262,171	4,167,198
Operation and maintenance of plant services	3,907,735	3,569,976	3,686,755	3,777,176	4,602,184
Student transportation services	1,329,774	1,399,018	1,282,965	1,223,625	1,219,421
Operation of non-instructional services	3,589,772	3,276,563	2,917,780	2,872,793	2,703,655
Capital outlay	4,601,138	1,595,723	762,324	1,373,940	1,755,832
Debt service -					
Interest and fiscal charges	158,186	9,225	18,175	25,075	32,170
Principal retirement		115,000	110,000	100,000	95,000
Bond issuance costs	195,512				
Total expenditures	<u>\$ 41,769,351</u>	<u>\$ 38,986,274</u>	<u>\$ 37,039,235</u>	<u>\$ 36,975,825</u>	<u>\$ 37,882,402</u>
Expenditures for capitalized assets	\$ 4,276,290	\$ 575,498	\$ 63,601	\$ 197,768	\$ 1,043,595
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%

Source: The source of this information is the District's financial records.

(Concluded)

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Excess (deficiency) of revenues over expenditures	\$ 624,061	\$ (664,459)	\$ (28,280)	\$ (529,516)	\$ (7,739,008)
Other financing sources (uses):					
Issuance of school improvement bonds		2,625,000			
Premium on sale of bonds		286,784			
Capital lease agreements					625,000
Transfers in	1,327,199	1,348,514	1,146,218	1,301,280	1,059,783
Transfers out	(1,327,199)	(1,348,514)	(1,146,218)	(1,301,280)	(1,059,783)
Total other financing sources (uses)	2,911,784	2,911,784	(28,280)	(529,516)	625,000
Changes in fund balances	\$ 624,061	\$ 2,247,325	\$ (28,280)	\$ (529,516)	\$ (7,114,008)
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenues over expenditures	\$ (2,721,948)	\$ (397,130)	\$ (18,160)	\$ 312,686	\$ (989,981)
Other financing sources (uses):					
Issuance of school improvement bonds	7,595,000				
Premium on sale of bonds	376,026				
Capital lease agreements		3,489,727			
Transfers in	1,943,726	1,593,440	955,592	704,720	484,762
Transfers out	(1,943,726)	(1,593,440)	(955,592)	(704,720)	(484,762)
Total other financing sources (uses)	7,971,026	3,489,727	(18,160)	312,686	(989,981)
Changes in fund balances	\$ 5,249,078	\$ 3,092,597	\$ (18,160)	\$ 312,686	\$ (989,981)

Source: The source of this information is the District's financial records.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Commercial, Industrial, Utilities and Mining	\$ 14,916,460	\$ 15,648,208	\$ 14,243,785	\$ 14,964,567	\$ 14,275,284
Agricultural and Vacant	4,896,029	5,103,919	5,416,240	5,129,010	5,156,649
Residential (Owner Occupied)	40,817,001	39,860,507	37,592,326	35,427,106	32,987,984
Residential (Rental)	12,307,599	10,900,201	9,459,176	9,020,189	8,243,380
Railroad, Private Cars and Airlines					
Historical Property					
Certain Government Property Improvements			20,307		
Total	\$ 72,937,089	\$ 71,512,835	\$ 66,731,834	\$ 64,540,872	\$ 60,663,297
Gross Full Cash Value	\$ 918,632,492	\$ 817,519,024	\$ 788,682,777	\$ 753,430,257	\$ 689,955,119
Ratio of Net Limited Assessed Value to Gross Full Cash Value	8%	9%	8%	9%	9%
Total Direct Rate	3.84	4.13	4.45	4.43	4.70

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 15,074,726	\$ 15,715,400	\$ 16,617,542	\$ 17,404,224	\$ 17,891,486
Agricultural and Vacant	5,942,332	5,738,994	5,831,143	5,201,657	3,169,106
Residential (Owner Occupied)	30,777,137	29,993,275	28,068,470	37,131,220	42,848,488
Residential (Rental)	7,738,482	6,091,171	5,313,589	5,778,563	2,968,888
Railroad, Private Cars and Airlines					
Historical Property					
Certain Government Property Improvements					
Total	\$ 59,532,677	\$ 57,538,840	\$ 55,830,744	\$ 65,515,664	\$ 66,877,968
Gross Full Cash Value	\$ 589,066,596	\$ 558,279,422	\$ 511,102,214	\$ 609,678,116	\$ 649,410,559
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	10%	11%	11%	10%
Total Direct Rate	2.40	2.40	3.25	2.27	2.10

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Commercial, Industrial, Utilities and Mining	\$ 16,099,588	\$ 16,727,156	\$ 15,081,558	\$ 15,639,001	\$ 14,989,542
Agricultural and Vacant	5,373,942	5,445,354	5,830,067	5,444,051	5,530,995
Residential (Owner Occupied)	50,586,956	47,026,267	45,844,122	43,211,730	39,042,174
Residential (Rental)	15,292,131	13,866,128	12,936,461	12,530,456	10,872,863
Railroad, Private Cars and Airlines					
Historical Property					
Certain Government Property Improvements			26,362		
Total	\$ 87,352,617	\$ 83,064,905	\$ 79,718,570	\$ 76,825,238	\$ 70,435,574
Gross Full Cash Value	\$ 918,632,492	\$ 817,519,024	\$ 788,682,777	\$ 753,430,257	\$ 689,955,119
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	10%	10%	10%	10%
Estimated Net Full Cash Value	750,215,660	717,845,138	694,427,555	662,319,301	602,195,078
Total Direct Rate	3.84	4.13	4.45	4.43	4.70

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 15,355,458	\$ 15,912,581	\$ 17,216,913	\$ 18,151,245	\$ 20,133,451
Agricultural and Vacant	6,320,934	5,989,928	6,302,827	5,773,940	3,396,847
Residential (Owner Occupied)	33,658,508	32,355,981	28,298,888	37,760,251	44,257,881
Residential (Rental)	8,257,481	6,370,001	5,337,287	5,927,335	3,248,733
Railroad, Private Cars and Airlines					
Historical Property					
Certain Government Property Improvements					
Total	\$ 63,592,381	\$ 60,628,491	\$ 57,155,915	\$ 67,612,771	\$ 71,036,912
Gross Full Cash Value	589,066,596	\$ 558,279,422	\$ 511,102,214	\$ 609,678,116	\$ 649,410,559
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	11%
Estimated Net Full Cash Value	529,035,278	495,945,185	454,220,133	552,346,543	582,174,930
Total Direct Rate	2.40	2.40	3.25	2.27	2.10

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	18 %
Agricultural and Vacant	15	15	15	15	15
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	14	15	14

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	19 %	19 %	20 %	20 %	20 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	16	15	15	15

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates							
	County	County Free Library	Flood Control District	Community College District	Yuma Union High School District	District Direct Rates		
						Primary	Secondary	Total
2021	2.51	0.91	0.24	2.53	2.39	2.92	0.91	3.84
2020	2.53	0.91	0.24	2.57	2.62	2.99	1.14	4.13
2019	2.53	0.90	0.25	2.57	2.55	2.83	1.62	4.45
2018	2.50	0.90	0.28	2.49	2.70	2.73	1.70	4.43
2017	2.47	0.90	0.28	2.63	3.19	3.13	1.57	4.70
2016	2.41	0.90	0.28	2.55	2.77	2.40	0.00	2.40
2015	2.16	0.84	0.28	2.38	2.71	2.20	0.20	2.40
2014	2.06	0.84	0.28	2.22	2.78	1.93	1.32	3.25
2013	1.88	0.82	0.28	2.03	2.78	2.10	0.17	2.27
2012	1.88	0.80	0.28	1.95	3.00	1.93	0.17	2.10

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2021</u>		<u>2012</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
Arizona Public Service	\$ 4,873,504	6.68 %	\$ 3,326,956	4.68 %
Wal-Mart Stores Inc De Corp	2,184,451	2.99	2,534,702	3.57
Orgullo del Sol Partners LLC	920,041	1.26	713,672	1.00
Riedel Holdings AZ LLC	671,952	0.92	1,032,440	1.45
Ozvest Inc De Corp	526,953	0.72	600,000	0.84
San Luis Trading & Logistics LLC	489,762	0.67		
Lagacy Endure AZ LLC	340,160	0.47		
San Luis Mobile EST AZ LTD Partnersh	184,201	0.25	301,364	0.42
Barkley Co Of Arizona	44,771	0.06		
VAR Holding AZ LLC	41,570	0.06	730,299	1.03
Factor Sales Inc. AZ Corp.			568,346	0.80
CRM Mid Atlantic Properties			546,450	0.77
South Yuma County Development AZ LLC			400,834	0.56
Total	<u><u>\$ 10,277,365</u></u>	<u><u>14.08 %</u></u>	<u><u>\$ 10,755,063</u></u>	<u><u>15.12 %</u></u>

Source: The source of this information is the Yuma County Assessor's records.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$ 2,524,282	\$ 2,443,607	96.80 %	\$	\$ 2,443,607	96.80 %
2020	2,594,922	2,481,133	95.61	72,655	2,553,788	98.41
2019	2,705,619	2,605,685	96.31	62,792	2,668,477	98.63
2018	2,522,629	2,415,905	95.77	73,088	2,488,993	98.67
2017	2,567,493	2,493,775	97.13	42,101	2,535,876	98.77
2016	1,155,397	1,108,968	95.98	30,695	1,139,663	98.64
2015	1,148,318	1,079,852	94.04	53,682	1,133,534	98.71
2014	1,063,035	1,013,639	95.35	36,250	1,049,889	98.76
2013	1,215,535	1,136,055	93.46	65,554	1,201,609	98.85
2012	1,115,370	1,073,780	96.27	29,715	1,103,495	98.94

Source: The source of this information is the 2021 Yuma County Treasurer's records.

- Notes:** 1) Amounts collected are on a cash basis.
 2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2021	\$ 7,464,156	125,497	7,338,659	0.80 %	\$ 208	\$ 3,240,604	\$ 10,704,760	1.17 %	\$ 304	0.12 %
2020	8,100,881	140,721	7,960,160	0.97	220	3,432,707	11,533,588	1.41	318	0.15
2019	5,225,822	147,790	5,078,032	0.64	152	3,608,504	8,834,326	1.12	264	0.12
2018	7,014,623	103,441	6,911,182	0.92	213	3,768,926	10,783,549	1.43	332	0.15
2017	7,933,424	28,742	7,904,682	1.15	262	3,946,962	11,880,386	1.72	394	0.17
2016	7,952,225	189,426	7,762,799	1.32	249	3,489,727	11,441,952	1.94	367	0.18
2015	115,000	13,721	101,279	0.02	3	3,489,727	3,604,727	0.65	116	0.06
2014	225,000	9,174	215,826	0.04	7		225,000	0.04	7	0.00
2013	325,000	15,293	309,707	0.05	12		325,000	0.05	12	0.01
2012	420,000	17,431	402,569	0.06	16		420,000	0.06	16	0.01

Source: The source of this information is the District's financial records.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Yuma and La Paz Counties Community College District	\$ 42,755,000	5.75 %	\$ 2,458,413
Yuma County Library District	31,925,000	5.75	1,835,688
Yuma Union High School District No. 70	47,765,000	6.30	3,009,195
Subtotal, Overlapping Debt			<u>7,303,296</u>
Direct:			
Gadsden Elementary School District No. 32			<u>10,704,760</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 18,008,056</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		10.06 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 415	
As a Percentage of Net Limited Assessed Valuation		20.07 %
As a Percentage of Gross Full Cash Value		1.59 %

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

- Notes:** 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
- 2) Outstanding debt as of June 30, 2020 is presented for the overlapping governments as this is the most recent available information.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2021:

Net full cash assessed valuation	\$ 87,352,617
Debt limit (10% of assessed value)	8,735,262
Debt applicable to limit	<u>7,124,048</u>
Legal debt margin	<u><u>\$ 1,611,214</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2021:

Net full cash assessed valuation	\$ 87,352,617
Debt limit (15% of assessed value)	13,102,893
Debt applicable to limit	<u>7,124,048</u>
Legal debt margin	<u><u>\$ 5,978,845</u></u>

Fiscal Year Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Debt Limit \$	\$ 13,102,893	\$ 12,459,736	\$ 11,957,786	\$ 11,523,786	\$ 10,565,336
Total net debt applicable to limit	<u>7,124,048</u>	<u>7,740,429</u>	<u>4,925,000</u>	<u>6,695,000</u>	<u>7,595,000</u>
Legal debt margin	<u><u>\$ 5,978,845</u></u>	<u><u>\$ 4,719,307</u></u>	<u><u>\$ 7,032,786</u></u>	<u><u>\$ 4,828,786</u></u>	<u><u>\$ 2,970,336</u></u>
Total net debt applicable to the limit as a percentage of debt limit	54%	62%	41%	58%	72%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 9,538,857	\$ 9,094,274	\$ 8,573,387	\$ 10,141,916	\$ 10,655,537
Total net debt applicable to limit	<u>7,595,000</u>	<u>115,000</u>	<u>225,000</u>	<u>325,000</u>	<u>420,000</u>
Legal debt margin	<u><u>\$ 1,943,857</u></u>	<u><u>\$ 8,979,274</u></u>	<u><u>\$ 8,348,387</u></u>	<u><u>\$ 9,816,916</u></u>	<u><u>\$ 10,235,537</u></u>
Total net debt applicable to the limit as a percentage of debt limit	80%	1%	3%	3%	4%

Source: The source of this information is the District's financial records.

- Notes:** 1) The District's general obligation bonds are subject to two limits: the Constitutional debt limit (total debt limit) on all general obligation bonds outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
- 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2020	217,824	\$ 8,887,228	\$ 40,800	20.4 %	35,257
2019	229,957	7,818,246	36,570	14.3	36,250
2018	225,212	7,569,100	35,682	17.0	33,490
2017	221,648	7,212,166	34,752	17.0	32,446
2016	217,730	6,860,818	33,365	18.6	30,139
2015	214,991	6,449,702	31,574	21.8	31,180
2014	212,012	5,841,652	28,742	23.3	31,180
2013	201,201	5,529,669	27,483	28.0	31,180
2012	205,174	5,399,670	26,995	27.5	26,418
2011	200,431	5,487,179	27,385	27.1	25,505

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information is the Arizona Office of Employment and Population Statistics.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Yuma Regional Medical Center	2,430	3.11 %	2,037	4.17 %
U.S. Marine Corps Air Station (UCAS)	2,225	2.85	1,350	2.76
Yuma Proving Ground	2,138	2.74		
Yuma Elementary School District. No. 1	1,179	1.51	1,300	2.66
Trax International	1,050	1.35		
Yuma Union High School District No. 70	993	1.27	950	1.94
Convey Health Solutions	900	1.15		
ACCT	900	1.15		
Arizona Western College	829	1.06		
Paradise Casino	700	0.90		
U.S. Army Yuma Proving Ground			2,320	4.74
Yuma County			1,400	2.86
Walmart			1,345	2.75
Bose Corporation			1,300	2.66
City of Yuma			1,200	2.45
U.S. Border Patrol			920	1.88
Total	<u>13,344</u>	<u>17.09 %</u>	<u>14,122</u>	<u>28.87 %</u>
Total employment	<u>78,052</u>		<u>48,900</u>	

Source: The source of this information is the Yuma County Chamber of Commerce

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	Full-time Equivalent Employees as of June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Supervisory					
Superintendent	1	1	1	1	1
Assistant superintendents				1	
Consultants/supervisors of instruction	1				
Principals	8	8	8	8	8
Assistant principals	2	2	2	2	2
Total supervisory	<u>12</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>11</u>
Instruction					
Teachers	227	206	211	147	195
Other professionals (adult)					
Other professionals (instructional)	43	59	54	103	
Aides	69	99	85	81	131
Total instruction	<u>339</u>	<u>364</u>	<u>350</u>	<u>331</u>	<u>326</u>
Student Services					
Librarians	8	8	8	8	8
Counselors/Psychologists/Therapists/Aides	30	24	17	14	14
Health Services	11	10	10	10	10
Liasons/Testers/Migrant Clerks	10	10	10	14	14
Total student services	<u>59</u>	<u>52</u>	<u>45</u>	<u>46</u>	<u>46</u>
Support and Administration					
Business Office/H/R/ Info Tech	23	19	17	19	19
Secretaries/Clerks	41	38	38	38	40
Transportation/Warehouse	50	38	40	42	60
Maintenance/Security	72	69	72	68	113
Food Service	48	48	55	51	87
Total support and administration	<u>234</u>	<u>212</u>	<u>222</u>	<u>218</u>	<u>319</u>
Total	<u><u>644</u></u>	<u><u>639</u></u>	<u><u>628</u></u>	<u><u>607</u></u>	<u><u>702</u></u>

(Continued)

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Supervisory					
Superintendent	1	1	1	1	1
Assistant superintendents	1	1	1	1	1
Consultants/supervisors of instruction				15	10
Principals	8	8	8	8	8
Assistant principals	1	3	2	2	2
Total supervisory	<u>11</u>	<u>13</u>	<u>12</u>	<u>27</u>	<u>22</u>
Instruction					
Teachers	208	178	223	231	215
Other professionals (adult)					1
Other professionals (instructional)				17	17
Aides	123	81	72	86	77
Total instruction	<u>331</u>	<u>259</u>	<u>295</u>	<u>334</u>	<u>310</u>
Student Services					
Librarians	8	8	8	8	8
Counselors/Psychologists/Therapists/Aides	13	12	12	11	11
Health Services	11	11	11	11	11
Liasons/Testers/Migrant Clerks	16	16	14	13	12
Total student services	<u>48</u>	<u>47</u>	<u>45</u>	<u>43</u>	<u>42</u>
Support and Administration					
Business Office/H/R/ Info Tech	18	18	22	16	15
Secretaries/Clerks	35	35	34	34	34
Transportation/Warehouse	42	43	35	35	35
Maintenance/Security	91	92	75	75	75
Food Service	45	41	57	57	57
Total support and administration	<u>231</u>	<u>229</u>	<u>223</u>	<u>217</u>	<u>216</u>
Total	<u><u>621</u></u>	<u><u>548</u></u>	<u><u>575</u></u>	<u><u>621</u></u>	<u><u>590</u></u>

Source: The source of this information is District personnel records.

(Concluded)

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2021	4,646	\$ 41,544,940	\$ 8,942	5.14 %	\$ 46,717,386	\$ 10,056	7.36 %	339	13.7	93.0 %
2020	4,769	40,562,181	8,505	4.26	44,667,751	9,366	12.42	364	13.1	92.9
2019	4,896	39,942,798	8,158	7.43	40,790,014	8,331	5.18	350	14.0	93.0
2018	4,981	37,822,269	7,594	4.14	39,450,872	7,921	2.28	331	15.0	93.0
2017	5,097	37,166,057	7,292	1.29	39,474,548	7,745	2.51	326	15.6	93.0
2016	5,114	36,814,515	7,199	(1.73)	38,635,723	7,555	(2.89)	331	15.5	92.3
2015	5,087	37,266,326	7,326	3.29	39,575,306	7,780	3.32	259	19.6	93.0
2014	5,097	36,148,736	7,092	0.23	38,379,231	7,530	(4.78)	295	17.3	97.1
2013	5,014	35,476,810	7,076	(3.32)	39,647,767	7,907	0.06	334	15.0	97.1
2012	4,919	35,999,400	7,318	5.49	38,872,646	7,903	9.71	310	15.9	97.1

Source: The source of this information is the District's financial records.

Note: Operating expenditures are total expenditures less debt service and capital outlay.

**GADSDEN ELEMENTARY SCHOOL DISTRICT NO. 32
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Schools</u>										
Elementary										
Buildings	23	23	23	23	23	23	23	23	23	23
Square feet	358,457	350,296	350,296	350,296	350,296	326,644	326,644	326,644	326,644	326,644
Capacity	3,980	3,980	3,980	3,980	3,980	3,505	3,505	3,505	3,505	3,505
Enrollment	3,792	3,792	3,792	3,792	3,792	3,889	3,889	3,889	3,798	3,798
Middle										
Buildings	2	7	7	7	7	7	7	7	7	7
Square feet	156,670	150,000	150,000	150,000	150,000	149,705	149,705	149,705	149,705	149,705
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,280	1,478	1,478	1,478	1,478	1,407	1,407	1,407	1,350	1,350
Other										
Buildings	1	3	3	3	3	3	3	3	3	3
Square feet	4,710	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040
Capacity	125	125	125	125	125	125	125	125	125	125
Enrollment	182	182	182	182	182	182	182	182	154	154
<u>Administrative</u>										
Buildings	1	1	1	1	1	2	2	2	2	2
Square feet	20,179	24,889	24,889	24,889	24,889	19,734	19,734	19,734	19,734	19,734
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	34	34	35	35	35	33	33	33	33	33
<u>Athletics</u>										
Soccer fields	7	7	7	7	7	7	7	7	7	7
Baseball/softball	7	7	7	7	7	7	7	7	7	7
Playgrounds	9	9	9	9	9	9	9	9	9	9

Source: The source of this information is the District's facilities records.

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